

Maryland Gives! Task Force on Charitable Giving



Annual Report
December 18, 1996

ANNUAL REPORT OF THE "MARYLAND GIVES! TASK FORCE ON CHARITABLE GIVING"

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James Michael Riley, General Balladore Committee, Vice President, First National Bank of Maryland

Frank K. Ross, Representative of Business Organizations, XPAC Post Modern

Frederick K. Jones, Representative of Business Organizations, The Greenland Corporation

Carol A. Nilberg, Ph.D., General Public Member, Prince George's Community Foundation

Thomas J. Smith, General Public Member, Executive Director of Development, Architects of Belvedere

"MARYLAND GIVES! TASK FORCE ON CHARITABLE GIVING"

MEMBERSHIP

Chairperson: Larry E. Walton, President, United Way of Central Maryland

The Honorable John T. Willis, Secretary of State

The Honorable Nathaniel J. McFadden, Senate of Maryland

The Honorable Adrienne A. Mandel, Maryland House of Delegates

The Honorable Robert E. Dorsey, City of Rockville, Maryland Municipal League

John H. Balch, General Public Member, President, Option Care of Cumberland

Roy I. Dabney, Jr., Maryland Association of Counties, Vice President, First Union National Bank of Maryland

Lou Durden, Washington Board of Trade, Director of Community & External Relations, IBM Corporation

Robert M. Hyfler, Ph.D., General Public Member, United Jewish Association

Marilyn D. Maultsby, General Public Member, Director of Development & Management Services, Fidelity Health Systems Corporation

Robert J. Rhudy, Esquire, Maryland Association of Nonprofit Organizations, Executive Director, Maryland Legal Services Corporation

James Michael Riley, Greater Baltimore Committee, Vice President, First National Bank of Maryland

Frank K. Ross, Representative of Business Organizations, KPMG Peat Marwick

Frederica K. Saxon, Representative of Business Organizations, The Greenland Corporation

Carol A. Silberg, Ph.D., General Public Member, Prince George's Community Foundation

Thomas J. Sonni, General Public Member, Executive Director of Development, Archdiocese of Baltimore

Carol C. Thompson, General Public Member, Thompson & Associates

Margaret O. Woodside, Maryland Chamber of Commerce, Senior Vice President, NationsBank

Staff:

Nikki Baines, Esq., Charitable Organizations Division, Office of the Secretary of State

Nan A. Waranch, Director of Public Affairs, United Way of Central Maryland

"MARYLAND GIVES! TASK FORCE ON CHARITABLE GIVING"

SUBCOMMITTEE MEMBERSHIP

TAX & PUBLIC POLICY SUBCOMMITTEE

The Honorable Nathaniel J. McFadden
The Honorable Adrienne A. Mandel
Lou Durden
Robert M. Hyfler, Ph.D.
Robert J. Rhudy, Esquire
Frank K. Ross
Frederica K. Saxon
Carol A. Silberg, Ph.D.

PUBLIC RELATIONS SUBCOMMITTEE

John H. Balch
Roy I. Dabney, Jr.
Thomas J. Sonni
Margaret O. Woodside

RESEARCH SUBCOMMITTEE

The Honorable John T. Willis
Carol C. Thompson

ECONOMIC IMPACT SUBCOMMITTEE

The Honorable Robert E. Dorsey
Marilyn Maultsby
James Michael Riley

SENATE BILL 302

P1

6lr1899
CF 6lr1669

By: ~~Senator Blount~~ Senators Blount, Kelley, Boozer, Sfikas, Hoffman, and McCabe

Introduced and read first time: January 26, 1996

Assigned to: Judicial Proceedings

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 7, 1996

CHAPTER 0383

MAY 14 '96

1 AN ACT concerning

APPROVED BY THE GOVERNOR

2 **Maryland Gives! – Establishment of Task Force on Charitable Giving**

3 FOR the purpose of establishing a task force on charitable giving to be known as
4 "Maryland Gives!"; specifying the mission of the task force; providing for the
5 membership of the task force; requiring the Governor to designate a chairman of
6 the task force and to assign staff to the task force; requiring the task force to take
7 certain actions and to issue certain reports; providing for the termination of this
8 Act; and generally relating to the establishment and work of a task force to increase
9 the level of charitable contributions in Maryland.

10 BY adding to

11 Article 41 – Governor – Executive and Administrative Departments

12 Section 18-310

13 Annotated Code of Maryland

14 (1993 Replacement Volume and 1995 Supplement)

15 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
16 MARYLAND, That the Laws of Maryland read as follows:

17 **Article 41 – Governor – Executive and Administrative Departments**

18 18-310.

19 (A) THERE IS A TASK FORCE ON CHARITABLE GIVING TO BE KNOWN AS
20 "MARYLAND GIVES!".

21 (B) THE TASK FORCE CONSISTS OF THE FOLLOWING 19 MEMBERS:

22 (1) ONE MEMBER OF THE SENATE OF MARYLAND, APPOINTED BY THE
23 PRESIDENT OF THE SENATE;

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 (2) ONE MEMBER OF THE HOUSE OF DELEGATES, APPOINTED BY THE
2 SPEAKER OF THE HOUSE; AND

3 (3) THE SECRETARY OF STATE; AND

4 (3) ~~SEVENTEEN~~ (4) SIXTEEN MEMBERS APPOINTED BY THE GOVERNOR,
5 AS FOLLOWS:

6 (I) ONE REPRESENTATIVE OF THE MARYLAND ASSOCIATION OF
7 NONPROFIT ORGANIZATIONS;

8 (II) ONE REPRESENTATIVE OF THE MARYLAND CHAMBER OF
9 COMMERCE;

10 (III) ONE REPRESENTATIVE OF THE GREATER BALTIMORE
11 COMMITTEE;

12 (IV) ONE REPRESENTATIVE OF THE WASHINGTON BOARD OF
13 TRADE;

14 (V) ONE REPRESENTATIVE OF THE MARYLAND ASSOCIATION OF
15 COUNTIES;

16 (VI) ONE REPRESENTATIVE OF THE MARYLAND MUNICIPAL
17 LEAGUE;

18 (VII) ONE REPRESENTATIVE OF THE MARYLAND ASSOCIATION OF
19 UNITED WAYS;

20 (VIII) TWO REPRESENTATIVES OF OTHER BUSINESS ORGANIZATIONS
21 SELECTED BY THE GOVERNOR; AND

22 (IX) ~~EIGHT ADDITIONAL MEMBERS, REPRESENTING OTHER~~
23 ~~NONPROFIT ORGANIZATIONS OR FOUNDATIONS FROM AROUND THE STATE,~~
24 ~~SELECTED IN CONSULTATION WITH THE MARYLAND ASSOCIATION OF NONPROFIT~~
25 ~~ORGANIZATIONS~~ SEVEN MEMBERS OF THE PUBLIC.

26 (C) THE GOVERNOR SHALL:

27 (1) DESIGNATE A CHAIRMAN OF THE TASK FORCE; AND

28 (2) ASSIGN PERSONNEL TO SERVE AS STAFF TO THE TASK FORCE.

29 (D) (1) THE MISSION OF THE TASK FORCE IS THE DEVELOPMENT OF A
30 STRATEGY TO ~~DOUBLE~~ INCREASE THE AMOUNT OF CHARITABLE GIVING BY
31 INDIVIDUALS AND CORPORATIONS IN MARYLAND ~~WITHIN 5 YEARS.~~

32 (2) THE TASK FORCE SHALL:

33 (I) RECOMMEND TO THE GOVERNOR AND TO THE GENERAL
34 ASSEMBLY APPROPRIATE CHANGES IN MARYLAND'S TAX LAWS AND IN OTHER
35 STATE POLICIES THAT WOULD IMPROVE THE LEVEL OF CHARITABLE GIVING IN THE
36 STATE;

1 (II) RECOMMEND HOW THE STATE'S PUBLIC RELATIONS
2 RESOURCES CAN BE BETTER USED TO PROMOTE INCREASED CHARITABLE GIVING
3 THROUGHOUT THE STATE;

4 (III) CONDUCT AN ECONOMIC IMPACT ANALYSIS ON THE EFFECT
5 ON MARYLAND'S ECONOMY OF INCREASED CHARITABLE CONTRIBUTIONS TO
6 NONPROFIT ORGANIZATIONS IN THE STATE;

7 (IV) RECOMMEND HOW STATE AGENCIES CAN EMPLOY EXISTING
8 STATE DATA SOURCES TO DEVELOP BENCHMARKS AND TO ANALYZE AND CHART
9 PROGRESS IN THE LEVEL OF INDIVIDUAL AND CORPORATE PHILANTHROPY; AND

10 (V) REVIEW ANY OTHER MATTER RELATING TO CHARITABLE
11 CONTRIBUTIONS THAT THE TASK FORCE CONSIDERS APPROPRIATE AND
12 CONSISTENT WITH THE MISSION OF THE TASK FORCE.

13 (E) (1) ON OR BEFORE DECEMBER 1, 1996, THE TASK FORCE SHALL SUBMIT
14 TO THE GOVERNOR AND, IN ACCORDANCE WITH § 2-1312 OF THE STATE
15 GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY A REPORT ON THE WORK OF
16 THE TASK FORCE, INCLUDING RECOMMENDATIONS REQUIRED UNDER SUBSECTION
17 (D)(2)(I) OF THIS SECTION.

18 (2) ON OR BEFORE DECEMBER 1, 1997, AND ON OR BEFORE DECEMBER 1
19 EACH YEAR THEREAFTER, THE TASK FORCE SHALL SUBMIT AN UPDATE REPORT ON
20 THE WORK OF THE TASK FORCE AND REPORTING THE LEVEL OF PROGRESS
21 TOWARDS ACHIEVEMENT OF THE TASK FORCE'S MISSION.

22 (3) ON OR BEFORE DECEMBER 1, 2001, THE TASK FORCE SHALL ISSUE A
23 FINAL REPORT.

24 (F) THIS SECTION SHALL BE ABROGATED AND OF NO FURTHER FORCE AND
25 EFFECT AFTER DECEMBER 1, 2001.

26 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
27 July 1, 1996.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.

SCOPE OF THE TASK FORCE

The "Maryland Gives! Task Force on Charitable Giving" will conduct a comprehensive study of charitable giving in Maryland and develop a strategy to increase the amount of charitable giving by individuals and corporations in Maryland.

EXECUTIVE SUMMARY

The "Maryland Gives! Task Force on Charitable Giving" was created during the 1996 Legislative Session to study charitable giving and make recommendations to the Governor and the General Assembly that will increase the level of charitable giving by Maryland individuals and corporations. The Task Force has met three times with meetings in Baltimore and Columbia. At the third meeting, the Task Force heard testimony from David Arons of Independent Sector and Ann Mitchell-Sackey of the National Council on Nonprofit Associations.

Based upon per-capita contributions and the percent of income donated per person, Maryland ranks as one of the leading states for charitable giving.¹ In the 1995 fiscal years, Maryland-based charities collected more than \$1.3 billion in donations.² As reported by the Internal Revenue Service, Marylanders deducted over \$1.8 billion in 1994 from their personal income tax returns. Although this figure is encouraging, some national studies suggest that individual donations to charitable organizations are decreasing. According to a survey conducted by Independent Sector, sixty-nine percent (69%) of households reported donating to charitable organizations in 1995.³ This percentage represents the lowest number of households giving since 1988, the first year Independent Sector conducted the study. With the devolution of state and federal governments, the nonprofit community is providing additional services but with a diminishing level of support from the donating public.

The nonprofit community, often called the "third sector" of the economy, employs about eleven percent (11%) of the working population and is responsible for about eight percent (8%) of the Gross National Product.⁴ Because of the importance of the nonprofit community to the national and Maryland economy, the "Maryland Gives! Task Force on Charitable Giving" will propose strategies to increase the level of charitable giving by both individuals and corporations in Maryland.

¹ *Chronicle of Philanthropy*, July 13, 1995, page 16.

² Press release, Charitable Organizations Division, Office of the Secretary of State, February 12, 1996.

³ "Giving and Volunteering in the United States, 1996," Independent Sector.

⁴ Testimony by David Arons, Independent Sector, and Ann Mitchell-Sackey, Executive Director, National Council of Nonprofit Associations, December 3, 1996.

SUBCOMMITTEES

The "Maryland Gives! Task Force on Charitable Giving" has organized with four subcommittees to study and develop strategies to increase charitable giving. The aims of the subcommittees mirror the functions listed in Chapter 383, formerly Senate Bill 302. Each of the subcommittees is responsible for studying all of the different participants in the charitable giving area, ranging from corporations to low income individuals to former recipients of benefits, and to examine ways to incorporate the nonprofit community into the educational system.

The purpose of the Tax and Public Policy Subcommittee is to study Maryland's tax laws and other state policies affecting charitable donations. Testimony received to date by the Task Force demonstrated the relationship between tax incentives and level of charitable giving.⁵ Individuals who do not itemize their federal tax returns tend to donate less to charitable organizations than those individuals who itemize.⁶ The subcommittee will continue to study the relationship between nonitemizers and charitable giving as well as any additional state policies that affect the level of giving in Maryland.

The focus of the Public Relations Subcommittee is to make recommendations regarding the most effective use of the existing public relation resources. One of the most frequent reasons individuals give for not donating to a charitable cause is the fact that they are not asked to give.⁷ Using the present resources to publicize the need to donate and to develop a public relations/advertising campaign to emphasize the importance of charitable giving to the community will be the goal of the Public Relations Subcommittee.

The purpose of the Research Subcommittee is to determine the existing state data resources and compile reliable, comparable and relevant information pertaining to charitable giving and activity in the State of Maryland. The Task Force has forwarded letters to various state and federal agencies, such as the Comptroller of the Treasury, the Department of Assessments and Taxation, the Internal Revenue Service, and others, to determine what information is presently collected and available. The Task Force may recommend a central data depository for all information relating to charitable giving in Maryland to ensure that information is available for future studies and analyses.

The Economic Impact Subcommittee will be conducting an economic impact analysis on the effect of increased charitable contributions on the Maryland economy. The strength of the nonprofit community is demonstrated by the amount of the total workforce it employs and the

⁵ "Giving and Volunteering in the United States, 1996," Independent Sector.

⁶ Testimony by David Arons, Legislative Assistant, Independent Sector, December 3, 1996.

⁷ "Giving and Volunteering in the United States, 1996," Independent Sector.

amount it contributes to the national economy. The subcommittee will determine what effect increased charitable donations will have upon the services provided to the public by the charitable organizations, the workforce in the state, the delivery of government services, and the state economy in general.

FUTURE PLANS

The next "Maryland Gives! Task Force on Charitable Giving" meeting is scheduled for January 10, 1997, from 10:00 a.m. to 1:00 p.m. in Columbia. During the month of February, the subcommittees will meet independently and report to the Task Force on March 7, 1997, in Annapolis. The March 7th meeting is scheduled from 12:00 noon to 3:00 p.m. The subcommittees will meet during the month of April and report on May 2, 1997, to the Task Force.

The "Maryland Gives! Task Force on Charitable Giving" will continue to hear testimony from nonprofit experts with Dr. Les Solomon of the Johns Hopkins University testifying at the January 10th meeting. The Task Force intends to submit its final recommendations in the 1997 Annual Report and present legislation in 1998 Legislative Session.

APPENDIX A: SUMMARY OF MINUTES

October 3, 1996

The Task Force conducted preliminary discussions on the present condition of charitable giving in Maryland and the United States and expressed a need to develop statewide information and maintain central information depository. Based on various experiences and data, the members stressed the importance of "the ask" and the need to focus on creating environment of giving. Philanthropy should begin at a young age and be incorporated into the curriculum of all schools, ranging from elementary schools to high schools and higher education programs.

November 7, 1996

To determine what changes need to be made in order to collect state and federal data, the Task Force agreed to conduct an inventory of what information is presently available and what is needed to study charitable giving in Maryland. As mandated by the authorizing legislation, the Task Force stressed the importance of focussing upon philanthropic giving instead of volunteering. Although the two are closely related, "Maryland Gives!" has been commissioned to study methods to increase philanthropic giving. The members of the Task Force agreed upon the importance of receiving testimony from philanthropists of different generations to understand the motives for the high level of charitable giving.

December 3, 1996

The Task Force heard testimony from Mr. David Arons of Independent Sector, a national leadership forum encouraging giving and volunteering and conductor of statistical information regarding charitable giving, and Ms. Ann Mitchell-Sackey of the National Council of Nonprofit Associations, an umbrella group focussing on state issues and the nonprofit sector. Both of the individuals provided in-depth information on strategies to increase charitable giving and examples of what other states have attempted to increase charitable giving.

Governor's Task Force
"MARYLAND GIVES!" TASK FORCE ON CHARITABLE GIVING
October 3, 1996
Minutes

The meeting was convened at 1:30 p.m. by Larry E. Walton (Chairperson) at the Governor's Executive Conference Room, 6 St. Paul Street, Baltimore, Maryland. Those attending were:

Members:

Larry E. Walton (Chairperson), The Honorable John T. Willis, The Honorable Nathaniel J. McFadden, The Honorable Adrienne A. Mandel, The Honorable Robert E. Dorsey, Robert J. Rhudy, Margaret O. Woodside, John H. Balch, Lou Durden, Carol C. Thompson, Roy I. Dabney, Robert M. Hyfler, Marilyn Maultsby, Susanne Morris, James Michael Riley, Frederica Saxon.

Absent Members:

Carol A. Silberg, Thomas J. Sonni, Frank Ross

Staff:

Nikki Baines, Charitable Organizations Division, Office of the Secretary of State
Nan A. Waranch, United Way of Central Maryland

Observers:

Peter Berns, Mara Winters, Antoinette Valentine, Bill Walker

- I. Welcome and Introductions
- II. Purpose of Task Force/Reporting Schedule

The mission of the Task Force is the development of a strategy to increase charitable giving by individuals and corporations in Maryland. Larry Walton briefly discussed the importance of looking at tax policies in the State of Maryland and at the Federal level and the impact these policies have on charitable giving. Handouts were provided to the Task Force providing generic information and trends in giving around the country.

Members of the Task Force gave their input on the purpose of the Task Force: There is the need to look at individual giving, the income of people giving, economic restructuring, and the donors themselves. More people are working at home, the need to look at companies employing 50 or less individuals; the issue of volunteering and giving...are they related or are they separate issues, the number of nonprofits in Maryland and the number of "asks." It is important to make sure that young people understand the nonprofit sector as they leave college and enter the workforce, the disappearing middle class, issues of accountability and trust for nonprofits, tax reforms, leadership giving,

inclusiveness of large and small businesses, keeping up with technology, downsizing of companies, and involvement of youth and retirees.

Larry Walton reviewed the proposed time line. The Task Force would be in existence until December 1, 2001. The time line calls for a draft report on December 1, 1996 to the Governor. Mr. Walton stated that the actual work should take approximately one year and that the Task Force could be available thereafter for implementation of any plan developed.

III. Expectations/Ideas of Committee Members

Economic Impact: What is the economic impact of giving in the State as a whole including government, business, and nonprofit communities?

How much charitable giving goes on in the State and where is the money designated?

How much of Marylanders' donations go out-of-state?

Volunteering and Giving...should they be considered together?
Relationship between dollars raised and time commitment.

Protocol for the collection of data on giving including government, business and nonprofit community.

Public Relations: State involvement, nonprofit and business participation.

Should private contractors who bid on government contracts be required to disclose how much money they contribute as charitable gifts? Use disclosure of charitable giving as a factor to consider when determining awarding contracts!

How and where charitable dollars are being spent and how to raise the level of charitable giving.

Raising the level of charitable giving

Corporations v. individual giving - Applaud individuals and corporations for charitable giving. Make the individual donor feel important.

Donor choices - Issues of health and human services v. "other types of charitable giving," i.e., arts, environment, etc.

Professional Fundraisers: identify role.

Where should dollars be allocated? Competition of nonprofit community in competing

for dollars.

Academia: What is the role for educational institutions? Need for specialized curriculum on fundraising and giving?

Use of the business sector in motivating people to give!

Tax incentives/Surveying tax laws.

Volunteering and Giving.

Collection of data from other States; i.e., STATS on giving, volunteering, tax incentives.

Working with companies with 50 or less employees.

Children v. Retirees in Giving.

Public relations: Education of citizens of Maryland; Identifying specific needs by Agencies at the local, state and federal level and equating the need for charitable giving.

Educating the public on charitable organizations: UWCM, ABAG, MANO, GBC, Corporate Volunteer Council, Philanthropic Community, etc. Creating a culture in the environment of giving. Community involvement as well as getting the donor involved.

Identifying State assets: i.e., Goucher program, JHU Institute of Public Policy, etc.

Changing the image and perception of the nonprofit community,

Trust and accountability of nonprofit community.

Outcome measurements: Making system work more efficiently.

Business mergers - Downsizing of Companies - Deeper involvement of companies in charitable giving.

Role of Secretary of State's Office in providing information to the general public on charitable giving, i.e., Special Communications and Publications.

Tax laws and tax incentives: review of data and collection in Maryland v. Country.

IV. Develop Work Plan for 1996-97

Task Force agreed that it would be difficult to compile a report for the Governor by December 1, 1996, and will request extension. From the information on

"Expectations/Idea of Committee Members," the Task Force will break out into specific workgroups to be identified at next meeting. Special guest speakers will be invited to brief the Task Force on important information on charitable giving across the country and in Maryland.

V. Confirm Future Meeting Schedule

The next meeting of the Task Force will be on November 7, 1996 from 12:00 noon to 5:00 p.m. (place to be determined) as well as December 3, 1996 from 10:00 a.m. to 3:00 p.m.

PLEASE SEND INFORMATIONAL ITEMS TO:

Nikki Baines, Charitable Organizations Division, Office of the Secretary of State

FAX: 410-974-5527

E-Mail: mdsos@ari.net

Nan Waranch, Director of Public Affairs, United Way of Central Maryland

FAX: 410-547-8289

E-Mail: Waranch.uwcom@worldnet.att.net

Governor's Task Force
"MARYLAND GIVES!" TASK FORCE ON CHARITABLE GIVING
November 7, 1996
Minutes

The meeting was convened at 12:00 noon by Larry E. Walton (Chairperson) at the Howard Community College Business Training Center - Board Room. Those in attendance were:

Members:

Larry E. Walton (Chairperson), The Honorable John T. Willis, The Honorable Adrienne A. Mandel, The Honorable Robert E. Dorsey, Robert J. Rhudy, Margaret O. Woodside, John H. Balch, Lou Durden, Carol C. Thompson, Robert M. Hyfler, Ph.D., James Michael Riley, Frederica K. Saxon, Carol A. Silberg, Ph.D., Thomas J. Sonni

Absent Members:

The Honorable Nathaniel J. McFadden, Frank Ross, Roy Dabney, Marilyn Maultsby, Susanne Morris

Staff:

Nikki Baines, Charitable Organization Division
Nan A. Waranch, United Way of Central Maryland

Observers:

Peter Berns, Mara Winters

I. Welcome and Introductions

Minutes were approved from October 3, 1996.

Comments about last meeting: The committee felt there was also a need to explore the area of philanthropy, better partnerships with the media, evaluate the area of volunteerism and charitable giving, to look at leadership programs and other educational programs in the State, etc. (Seems that many leadership programs offer instruction on fundraising but not charitable giving.)

Larry Walton announced that the State Ethics Commission, has determined that "Maryland Gives" Task Force are exempted from requirement to file annual limited board and commission financial disclosure statement. Other sections of ethics law continue to apply to Task Force.

II. Discussion on Types of Data and Resources Needed

Larry Walton reviewed the work of the National Commission on Philanthropy and Civic Renewal. This is an organization that will examine broadly the historical trends and emerging factors that influence giving, with the purpose of setting forth a renewed understanding of giving and its role in American life. Focus: (1) Essential facts of charitable giving; (2) Why certain philanthropic efforts succeed; (3) how philanthropic culture has progressed from generation to generation; (4) effects of government on private giving; and (5) connection between giving and volunteerism. Staff will set up appointment for Mr. Walton to make a site visit and meet with members of the Commission, specifically to look at opportunities that will enhance "Maryland Gives." It will be interesting to look at the types of data they are working with in comparison to what we need. (See Enclosure).

Facts: In 1993, \$126 billion was privately given for philanthropic activities in the U.S.; yet, private giving has remained within 2 percent of income. Americans are giving more time than money. Federal government adds more to the deficit each year than we give to charity. 81% of charitable income comes from individuals. Of all Foundation assets, 91 foundations hold 46% of the total number. Most charities do not help the poor. Two-thirds of dollars raised are used to help working families. The lower end of the welfare spectrum does not reflect welfare reform; this percentage will change as the "Feds" place more responsibility on the poor.

Maryland Nonprofits distributed hand out with components of basic research on giving and volunteering. (See Enclosure.)

Both quantitative and qualitative data needs to be reviewed on charitable giving. Also need to look at religious giving versus other types of charitable giving.

Will there be a need to make changes in State law to get information? Committee felt that an inventory needs to be made of just what information is available vs what information is needed before this question is answered.

In addition, need to look at States surrounding Maryland as well as other states in terms of charitable giving. Special incentives -- do they make a difference?

Is volunteerism an issue that needs to be addressed in charitable giving?

Resources for information in Maryland: Secretary of State's Office, Attorney General's Office, Office of the Comptroller, Division of State Income Tax, Federal Internal Revenue Service

What percentage of dollars for charitable giving stay in Maryland?

Philanthropy was discussed: Maryland Philanthropy Day: November 19th, 1996.
Is there a need to work with the philanthropic community?

Announcement that The Maryland Philanthropy Conference will be held next year.
Guest Speaker: Judith Nichols - Should Task Force invite her to a special meeting to be briefed on her experience with charitable giving?

What is our message strategy going to be? (Philanthropic vs Volunteerism)
Need to stay focused on philanthropic point of view. Look at Internet, video, PSAs.

Feasibility of letter from Governor to everyone contributing \$2,000 or more to a charitable organization.

The need to invite guest speakers who are older and wiser and philanthropic vs inviting young people who give but do not necessarily have the experience behind them. (Self centered to self giving).

Two ways to decipher information: Community Service Mandate vs Multi cultural.

ACTION ITEMS:

1. Site visit to Washington, D. C. by Larry Walton & staff for review of information at national level.
2. Secretary of State will send letter to Attorney General's Office, Comptroller's Office, Assessment and Taxation Office, Federal IRS, etc., To accurately find out what information is available. (i.e., what percent of dollars staying in Maryland vs leaving Maryland.)
3. Secretary of State will send letter to surrounding States requesting charitable giving information.
4. Find out what information is housed at the Foundation Center in New York?
5. Find out feasibility of State's ability for Public Relations Campaign and whether they can assist us with "Maryland Gives"?
6. Invite PIOs from State to Task Force meeting.
7. Develop list of Advertising Agencies who might want to work with Task Force.
8. Look into adding questions on charitable giving on Census Forms, or for other surveys done by the State?

III. Specific Recommendations From Task Force to Governor

Mission, structure of group, working committees, focus of group and year round workplan. Report due on December 17, 1996.

IV. Specific Recommendations on Workgroups

Breakdown Committee into individual workups to process and research issues highlighted at this meeting.

Areas of Interest:

- (1) Tax and Public Policy Issues
- (2) Research
(Measuring Charitable Giving & Tracking Changes)
- (3) Public Relations
(Message Strategy, Advertising, Motivation, Recognition, Media)
- (4) Economic Impact Analysis - Public and Private Sectors

V. Update on Future Speakers

On December 3, 1996, two representatives from Independent Sector will be speaking. Les Solomon from Johns Hopkins will be available in January, 1997. Still working on other speakers as appropriate.

VI. Future Meeting Dates

Next meeting on December 3, 1996 at Howard Community College Business Training Center; LUNCH WILL BE PROVIDED THANKS TO JAMES MICHAEL RILEY.

Mark Your Calendars: January 10th, 1997 - 10:00 - 1:00 p.m. Howard Community College Business Training Center.

BRING 1997 CALENDARS FOR FUTURE DATES

The meeting adjourned at 3:00 p.m.

PLEASE SEND INFORMATIONAL ITEMS TO:

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Governor's Task Force on Charitable Giving
"MARYLAND GIVES!" TASK FORCE ON CHARITABLE GIVING
December 3, 1996
Minutes

The meeting was convened at 10:15 a.m. by Larry Walton (Chairperson) at the Howard Community College Business Training Center - Board Room. Those in attendance were:

Members:

Larry E. Walton (Chairperson), The Honorable John T. Willis, Honorable Nathaniel J. McFadden, Honorable Adrienne A. Mandel, The Honorable Robert E. Dorsey, Robert J. Rhudy, Margaret O. Woodside, John H. Balch, Lou Durden, Carol C. Thompson, Frederica K. Saxon, Carol A. Silberg, Ph.D.

Absent Members:

Robert M Hyfler, Ph.D., James Michael Riley, Thomas J. Sonni, Frank Ross, Roy Dabney, Marilyn Maultsby

Staff:

Nikki Baines, Charitable Organizational Division
Nan A. Waranch, United Way of Central Maryland

Observers:

Mara Winters and Maggie O'Neill

Special Guests:

David Arons - Independent Sector
Ann Mitchell-Sackey - National Council on Nonprofit Associations

- I. Welcome and Introduction
- II. Guest Speaker - David Arons - Independent Sector

Independent Sector is a national leadership forum working to encourage philanthropy, volunteering, not-for-profit initiatives and citizen action that help in better serving people and communities. Founded in 1980, and based in Washington, D.C., Independent Sector is a coalition of 800 national voluntary organizations, foundations and corporate giving programs.

Philanthropy and volunteerism help support and encourage nonprofits to do their work better. See Summary Statement of David Arons Representing Independent

Sector to Maryland Gives! Task Force on Charitable Giving - for statistical information and pertinent data. Highlights are shown below:

People in the \$50,000-\$70,000 Income Bracket -

Itemizers - 2.5% giving in 1994

3.0% giving in 1996

People \$49,000 and Under Income Bracket -

Non-Itemizers - 1% giving in 1993-94

People are giving more; dollar amounts are increasing. Example -
United Way of Central Maryland - Providing special incentives
for leadership giving - Challenge Grants

Tax Incentives for all taxpayers will enable charities to fill in more
of the gap.

Taxpayers who itemize and are permitted to deduct their charitable contributions
are more frequent givers. According to "Giving and Volunteering in the United
States, 1996," itemizers report giving more frequently than nongivers. However,
except for giving to religion, the distribution of charitable giving to the various
types of charities is approximately the same for both itemizers and nonitemizers.

Independent Sector has the capability to analyze research and will help the
Task Force with surveys, reports and other materials as appropriate.

Urban Institute will be coming out with Giving data in February, March, 1997.

82 million of the 116 million tax returns filed in 1994 did not contain itemized
deductions. It is clear that if all nonitemizers raised their contributions to even
half of the average amount given by itemizers, giving would increase greatly.
While nonitemizers were permitted to deduct 50% of their charitable contributions
in 1985 they still gave \$9.6 billion. However, when they could deduct a full
100% of their charitable contributions as they could in 1986, their giving
increased 40%. The \$13.4 billion contributed in 1986 by nonitemizers
demonstrates their capacity to give and highlights the ability tax deductions have
to stimulate charitable giving.

Large planned gifts and bequests are particularly tax sensitive as many taxpayers
make charitable contributions to reduce their estate and gift tax, and capital gains
tax liability. The deductibility of charitable contributions is important to
encourage bequest giving which accounts for 7.3%, or about \$9 billion of total
charitable giving.

Nonitemizers are low to middle income Americans (65 million have incomes under \$30,000 a year) who support services such as the Red Cross and the American Cancer Society. They give to churches and synagogues, environmental organizations, schools, colleges, hospitals, food programs for the homeless, and the Boy and Girl Scouts. They give to advocacy organizations, health research, the arts, international development and myriad activities in the public interest that enrich our society and protect its people. Nonitemizers have no tax incentives to give.

Charities cannot fill in for government programs and services that are being cut. Extra tax incentives need to be established to encourage giving.

Estate tax - Can be a burden; but needs to be examined.

People give because they want to. Personal economic security is a significant factor in giving. People who worry about having enough money in the future give less as a percentage of household income than those who do not worry. Lower income people are not giving simply because they are not asked. Need to define giving and philanthropy.

While altruism is the primary motivating factor in charitable giving, tax incentives do affect the amount, form, and timing of giving. Tax incentives for charitable giving can provide a significant stimulus effect on charitable giving. When people give to charity, they see more value for the dollar.

Government Devolution: Government budgets are stretched. Professional nonprofits are being stretched to the limits. There is a need for more tax incentives, but this creates problems; ie., tax incentives create shortages. If Federal dollars diminish, state and local dollars diminish and the end result is that programs and services see less dollars. Nonprofits cannot take over the burden where the government has funded programs and services. There is no trade-off - between tax incentives and cuts in the budget.

Issues: Appreciated Value of Property; Appreciated Stock

Corporate Giving: Corporations are giving barely 2% of profits to charities. Corporate leaders like AT&T encourage giving by allowing days off to volunteer. They hope others will follow because of the positive publicity generated.

Role of foundations need to be looked at.

FASB: Pledges can be a liability.

Tax credits to small businesses need to be examined in the State.

What areas should be focus of Task Force:

- * Encourage Giving: People do not give or volunteer unless they are asked.
- * Establish incentives for charitable giving.
- * Bring leaders together from the Nonprofit, For-Profit and Government to begin dialogue on this issue.
- * Research: Helping the traditional nonprofits survive - accountability issues.
- * Ad Campaign
- * Education programs in Schools
- * Workshops for nonprofits to improve "THE ASK"

North Carolina and University of North Carolina came together in partnership to gather data: 2% to 2.7% tax credit increase for non-itemizers; Corporate deduction for donations of tangible property to charities.

Some states provide incentives for specific donations to individual programs like job training, adult education, etc.

III. Guest Speaker: Ann Mitchell-Sackey - National Council of Nonprofit Associations

National Council of Nonprofit Association is the national coalition of state associations of nonprofit organizations and represents more than 20,000 nonprofit community-based organizations whose purpose is to enhance quality of life in their communities.

Chronicle of Philanthropy - June, 1996, had an article on State Tax Credits and Charitable Contribution. Americans gave an estimated \$143.9 billion to charity last year, nearly 11 percent more than in 1994. (Article enclosed)

Three things are important in process:

- * The power of the ASK - Low income individuals
- * Direction needed at the national level
- * Nonprofits need to let the public know who funds them

California: 50% Tax Credit; \$100,000 Corporations in economically depressed areas. This year phased out to \$25,000 for corporation. Annual cost to state: \$7.7 million.

Michigan taxpayers - who are not permitted to take itemized deductions on their income tax - receive a 50% credit for certain contributions to educational and cultural organizations, including soup kitchens, food banks, universities, libraries, and community foundations. Credit is capped at \$100 (\$200 for joint filers). For

estates and trusts, the credit is capped at the lesser of \$5,000 or 10 percent of total tax liability. Annual cost to state: \$24 million.

North Carolina this year enacted a tax credit for taxpayers who do not claim itemized deductions. The credit is worth 2.75% of all charitable contributions to the extent that those contributions are greater than 2% of the taxpayers Adjusted Gross Income. Estimated cost to the state is \$5 million. Average state resident contributes about 2% of income to charities, even without a tax incentive. Legislation was introduced to provide a 7% tax credit. The amount was lowered to 2.75% to reduce the state's revenue loss. There is a provision exempting businesses from state use tax when they contribute tangible property to charity. Prior to the change, a business had to pay use tax (the equivalent of a sales tax) when it removed items from inventory to give them to charity).

Utah offers 50% credits - up to \$200 for individuals and joint filers, \$1,000 for corporations - for donations to charities that provide job training and placement services to the disabled. Annual cost to state: \$25,000.

Colorado taxpayers may claim a 50% credit, capped at \$50,000 (\$100,000 for corporations and joint filers), for donations to nonprofits in economically depressed areas. Credit is being phased down to 25%. Annual cost to state: \$7.7 million.

Tax credits: States can specify what types of charities receive credits but this creates problems with those not selected. Issues need to be clearly spelled out; empowerment zones have received special attention.

People are not asked to give especially those in the lower income brackets.

Religious Giving: Over 20% of all religious organizations are providing programs and receiving donations from congregation members. Key Word: Sacrodotal - Defining when a church has a specific program; ie., hunger programs, shelter programs, etc. Accountability - Separation of Church and State.

Constitutional Question before the Supreme Court of the U.S.: State of Maine: Should nonprofit be allowed to have a tax exemption in the State when the money that was raised goes out of State and the charity is not predominately serving the residents of the state? Case: Newsfound/Owtonna v. Town of Harrison

Need to examine patterns of itemizers vs nonitemizers and come up with proposals that benefit everyone. Nonitemizers do not have tax planners - Tax policy means less to them.

Millionaires: Annual charitable giving has decreased.

Foundation Giving is key factor; foundations give 9 billion dollars a year;
Corporations only 1-2%.

IV. Tape on Charitable Giving

Task Force reviewed NBC Nightly News Report on Charitable Giving in the United States. For special review contact the Secretary of State's Office.

V. Specific Recommendations for Legislature, December, 1996

Preliminary report to be written and reviewed by Task Force in the next week. Staff to work with Larry Walton on draft and send to Task Force for review and edits in next week. Report due to the Governor by December 18, 1996.

Include workplan, timetable, Subcommittees and Sources of Data. Tie report to legislation that was created in 1996. Include minutes and Executive Summary.

VI. Secretary of State Report:

Letters have been sent to the Comptroller - Revenue Administration Division; Real Property Valuation Division - Assessments & Taxation; Office of the Attorney General - Private Foundations; Department of Business and Economic Development; and Exempt Organizations Division of the Internal Revenue Service asking for information on the types of charitable giving information they currently collect and the kinds of state data sources which would be relevant to the work of the Task Force.

VII. Future Meeting Dates

January 10, 1997 from 10:00 a.m. - 1:00 p.m. Howard Community College
Business Training Center; Snow Date: January 14, 1996 -
10:00 a.m. - 1:00 p.m. - United Way of Central Maryland
Workgroups Meet: February, 1997
March 7, 1997 - 12:00 noon - 3:00 p.m. - Annapolis (Place to be determined)
Workgroups Meet: April, 1997
May 2, 1997 - 10:00 p.m. - 1:00 p.m. - Howard Community College
Business Training Center

Les Solomon will be a guest speaker.

Members of Task Force will be notified by telephone in case of Snow.
Announcements will be sent to Television and Radio Stations.

If Howard County Schools Are Closed: There will be no Task Force Meeting.

VIII. Other Business

Distribution of the Giving Wisely Brochure from Secretary of State's Office

Telemarketing: Need for regulation.

Looking at nonprofits disclosing administrative overhead fees in solicitation packets distributed to consumers.

Nonprofits who fundraise in Maryland but spend dollars raised out-of-state

School System: Importance of educating people - need to meet with Nancy Grasmick and talk about educational process in grade schools as well as looking at colleges and universities in nonprofit management.

Maryland Nonprofit Association to provide Task Force with Web Site Listing of Charitable Giving.

IX. Workgroups

Four Workgroups Established: Committee Assignments Enclosed.
Workgroups include: Tax and Public Policy; Marketing, Research and Economic Development.

Workgroups need to define their areas of work as well as make sure that the constituencies listed below are included in discussions:

- * Foundations - All Types
- * Trusts, Bequests
- * Corporations: Entrepreneurial, small business, middle market, privately Held large/public companies
- * Individuals: low income households - Those never-giving
Users of services in the past ("alumni" concept)
non-itemizers
Middle income households who have dropped off
(Today's stats say fewer households are giving more dollars, so
Some portion of the population has "dropped out" that had a history
of giving)
Youth/Education

The meeting ended at 2:15 p.m.

Md. Y 3. Ch 47 :2/W /996-
Maryland. Task Force on
Charitable Giving.
Minutes

Office of the Secretary of State
State House
Annapolis MD 21401
FAX (410) 974-5527

Facsimile Transmittal Sheet

Date: Oct. 10

Attention: Ruth Hodgson

Re: Maryland Gives!

No. of Pages: 5 (including cover sheet)

From: Nikki Baines

If you do not receive all pages of this transmittal,
please contact the sender at (410) 974-5534 x5

5 year task force
(1996-2001)

Governor's Task Force
"MARYLAND GIVES!" TASK FORCE ON CHARITABLE GIVING
October 3, 1996
Minutes

The meeting was convened at 1:30 p.m. by Larry E. Walton (Chairperson) at the Governor's Executive Conference Room, 6 St. Paul Street, Baltimore, Maryland. Those attending were:

Members:

Larry E. Walton (Chairperson), The Honorable John T. Willis, The Honorable Nathaniel J. McFadden, The Honorable Adrienne A. Mandel, Robert J. Rhudy, Margaret O. Woodside, Jon H. Balch, Lou Durden, Carol C. Thompson, Roy I. Dabney, Jr., Robert E. Dorsey, Robert M. Hyfler, Ph.D., Marilyn D. Maultsby, Suzanne Morris, James Michael Riley, Frederica K. Saxon

Absent Members:

Carol A. Silberg, Ph.D., Thomas J. Sonni, Frank Ross

Staff:

Nikki Baines, Charitable Organization Division
Nan A. Waranch, United Way of Central Maryland

Observers:

Peter Berns, Mara Winters, Antoinette Valentine, Bill Walker

- I. Welcome and Introductions
- II. Purpose of Task Force/Reporting Schedule

The mission of the Task Force is the development of a strategy to increase charitable giving by individuals and corporations in Maryland. Larry Walton briefly discussed the importance of looking at tax policies in the State of Maryland and at the Federal level and the impact these policies have on charitable giving. Handouts were provided to the Task Force providing generic information and trends in giving around the country.

Members of the Task Force gave their input on the purpose of the Task Force: There is the need to look at individual giving, the income of people giving, economic restructuring, and the donors themselves. More people are working at home, the need to look at companies employing 50 or less individuals; the issue of volunteering and giving ... are they related or are they separate issues, the number of nonprofits in Maryland and the number of "asks." It is important to make sure that young people understand the nonprofit sector as they leave college and enter the workforce, the disappearing middle class, issues of accountability and trust for nonprofits, tax reforms, leadership giving,

inclusiveness of large and small businesses, keeping up with technology, downsizing of companies; and involvement of youth and retirees.

Larry Walton reviewed the proposed timeline. The Task Force would be in existence until December 1, 2001. The time line calls for a draft report on December 1, 1996 to the Governor. Mr. Walton stated the actual work should take approximately one year and that the Task Force could be available thereafter for implementation of any plan developed.

III. Expectations/Ideas of Committee Members

Economic Impact: What is the economic impact of giving in the State as a whole including government, business and nonprofit communities?

How much charitable giving goes on in the State and where is the money designated?

How much of Marylander's donations go out-of-state?

Volunteering and Giving ... should they be considered together?

Relationship between dollars raised and time commitment.

Protocol for the collection of data on giving including government, business and nonprofit community.

Public Relations: State Involvement, Nonprofit and Business Participation.

Should private contractors who bid on government contracts be required to disclose how much money they contribute as charitable gifts? Use disclosure of charitable giving as factor to consider when determining awarding contracts!

How and where charitable dollars are being spent and how to raise the level of charitable giving.

Raising the level of charitable giving.

Corporations vs individual giving - Applaud individuals and corporations for charitable giving. Make the individual donor feel important.

Donor Choices - Issue of health and human services vs "other types of charitable giving"; i.e., arts, environment, etc.

Professional Fundraisers: Identify role.

Where should dollars be allocated? Competition of nonprofit community in competing for dollars.

Academia: What is the role for educational institutions? Need for specialized curriculum on fundraising and giving?

Use of the business sector in motivating people to give!

Tax incentives/Surveying Tax laws.

Volunteering and Giving.

Collection of data from other States; i.e., STATS on giving, volunteering, tax incentives.

Working with Companies with 50 or less employees.

Children vs Retirees in Giving.

Public Relations: Education of citizens of Maryland; Identifying specific needs by Agencies at the local, state and federal level and equating the need to charitable giving.

Educating the public on charitable organizations: UWCM, ABAG, MANO, GBC, Corporate Volunteer Council, Philanthropic Community, etc. Creating a culture in the environment of giving. Community involvement as well as getting the donor involved.

Identifying State assets: i.e., Goucher program, JHU Institute of Public Policy, etc.

Changing the image and preception of the nonprofit community.

Trust and Accountability of nonprofit community.

Outcome measurements: Making the system work more efficiently.

Business Mergers - Downsizing of Companies - Deeper involvement of companies in charitable giving.

Role of Secretary of State's Office in providing information to the general public on charitable giving; i.e, Special Communications & Publications.

Tax laws and tax incentives: Review of data and collection in Maryland vs Country.

IV. Develop Work plan for 1996-97

Task Force agreed that it would be difficult to compile a report for the Governor by December 1, 1996 and will request extension. From the information on Expectations/Ideas of Committee Members, the Task Force will break out into specific workgroups to be identified at next meeting. Special guest speakers will be invited to

brief Task Force on important information on charitable giving across the country and in Maryland.

V. Confirm Future Meeting Schedule

The next meeting of the Task Force will be on November 7, 1996 from 12:00 noon to 5:00 p.m. (place to be determined) as well as December 3, 1996 from 10:00 a.m. - 3:00 p.m.

PLEASE SEND INFORMATIONAL ITEMS TO:

Nikki Baines, Charitable Organizations Division, Office of the Secretary of State
FAX: 410 974-5527
E-MAIL: <http://www.gov.state.md.us/sos>

Nan Waranch, Director of Public Affairs, United Way of Central Maryland
FAX: 410 547-8289
E-MAIL: Waranch.uwcm@worldnet.att.net

STATE OF MARYLAND

EXECUTIVE DEPARTMENT

PARRIS N. GLENDENING
GOVERNOR



OFFICE OF THE SECRETARY OF STATE

STATE HOUSE
ANNAPOLIS, MARYLAND 21401
(410) 974-5521
FAX (410) 974-5190
TDD (410) 333-3098

JOHN T. WILLIS
SECRETARY OF STATE

January 20, 1998

Ruth Hodgson
Maryland State Law Library - Court of Appeals
361 Rowe Boulevard
Annapolis, MD 21401

Dear Ms. Hodgson:

Enclosed please find a copy of the 1997 Annual Report of the Maryland Gives! Task Force on Charitable Giving submitted to Governor Glendening and the General Assembly earlier this month.

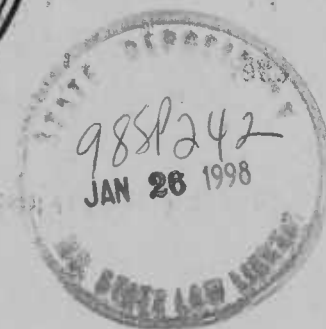
If you have any questions, please contact me at (410) 974-5534, Ext. 3.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Amy B. Tate".

Amy B. Tate
Staff, Maryland Gives!

Maryland Gives! Task Force on Charitable Giving



Annual Report
1997

Md. Y 3. Ch 47:2/W/997
Maryland Gives! Task
Force on Charitable Giving

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Y 3.
Ch 47
:2/W
/997

MARYLAND GIVES! TASK FORCE ON CHARITABLE GIVING

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MARYLAND GIVES! TASK FORCE ON CHARITABLE GIVING

Membership

Chair: Larry E. Walton, President, United Way of Central Maryland

The Honorable John T. Willis, Secretary of State

The Honorable Nathaniel J. McFadden, Senate of Maryland

The Honorable Adrienne A. Mandel, Maryland House of Delegates

The Honorable Robert E. Dorsey, City of Rockville, Maryland Municipal League

John H. Balch, General Public Member, President, Option Care of Cumberland

Roy I. Dabney, Jr., Maryland Association of Counties, Vice President, First Union National Bank of Maryland

Lou Durden, Washington Board of Trade, Director of Community & External Relations, IBM Corporation

Robert M. Hyfler, Ph.D., General Public Member, United Jewish Association

Marilyn D. Maultsby, General Public Member, Director of Development and Management Services, Fidelity Health Systems Corporation

Robert J. Rhudy, Esquire, Maryland Association of Nonprofit Organizations, Executive Director, Maryland Legal Services Corporation

James Michael Riley, Greater Baltimore Committee, Vice President, First National Bank of Maryland

Emilie Robinson, General Public Member, Executive Director, Eastern Shore Community Foundation

Frank K. Ross, Representative of Business Organizations, KPMG Peat Marwick

Frederica K. Saxon, Representative of Business Organizations, The Greenland Corporation

Carol A. Silberg, Ph.D., General Public Member, Executive Director, Prince George's Community Foundation

Thomas J. Sonni, General Public Member, Executive Director of Development, Archdiocese of Baltimore

Carol C. Thompson, General Public Member, Thompson & Associates

Margaret O. Woodside, Maryland Chamber of Commerce, Senior Vice President, NationsBank

Staff:

Amy B. Tate, Charitable Organizations Division, Office of the Secretary of State

Nikki Baines Trella, Esq., Charitable Organizations Division, Office of the Secretary of State

Nan Waranch, United Way of Central Maryland

MARYLAND GIVES! TASK FORCE ON CHARITABLE GIVING

Subcommittee Membership

TAX & PUBLIC POLICY SUBCOMMITTEE

The Honorable Nathaniel J. McFadden
The Honorable Adrienne A. Mandel
Lou Durden
Robert M. Hyfler, Ph.D.
Robert J. Rhudy, Esquire
Frank K. Ross
Frederica K. Saxon
Carol A. Silberg, Ph.D.

PUBLIC RELATIONS SUBCOMMITTEE

John H. Balch
Roy I. Dabney, Jr.
Thomas J. Sonni
Margaret O. Woodside

RESEARCH SUBCOMMITTEE

The Honorable John T. Willis
Emilie Robinson
Carol C. Thompson

ECONOMIC IMPACT SUBCOMMITTEE

The Honorable Robert E. Dorsey
Marilyn Maultsby
James Michael Riley

EXECUTIVE SUMMARY

The Maryland Gives! Task Force on Charitable Giving was created during the 1996 Legislative Session to study charitable giving and make recommendations to Governor Parris N. Glendening and the Maryland General Assembly for actions that would increase the level of charitable giving by individuals and businesses in Maryland. Recognizing the changing role of government and its relationship to the nonprofit sector, Governor Glendening and the General Assembly understood the need to study the nonprofit sector in Maryland to ensure its continued success and passed Senate Bill 302 in 1996, sponsored by Senators Blount, Kelley, Boozer, Sfikas, Hoffman and McCabe, authorizing the Maryland Gives! Task Force.

The Task Force met on a regular basis throughout 1997 and heard testimony from a variety of experts in the nonprofit and business sectors. The Task Force Subcommittees held separate work sessions to study information and prepare preliminary recommendations. Additionally, the Task Force conducted seven public meetings in 1997 (Annapolis, Easton, Baltimore, Rockville and Frederick) that enabled the Task Force members to receive comments and suggestions from individuals and organizations in the nonprofit sector as well as business and community leaders from throughout the state.

As a result of this analysis, research and a series of meetings, the Maryland Gives! Task Force members were impressed by the size, scope, and diversity of the existing efforts to help communities and individuals in need. The issues and problems facing Marylanders on a daily basis are formidable, and reliance on non-governmental resources to find solutions is growing. It is the Task Force's understanding that the government, private sector and nonprofit community must collaborate for a comprehensive strategy, including communication, education, research, and policy formation, to be successful in serving the needs of Maryland citizens.

HOW PHILANTHROPIC ARE WE?: NATIONAL AND MARYLAND TRENDS

In the United States, individual giving as a percent of personal income has remained approximately two percent (2%) after inflation for the past four decades.¹ The total growth in philanthropic dollars nationwide is therefore largely attributable to population and personal income growth in general.

National studies report that over two-thirds of households in America make charitable contributions every year. While the average household contribution has increased by ten percent (10%) after inflation, the number of households giving to charitable causes in the most recently reported study was the lowest percentage since 1988.²

Total giving in the United States and in Maryland is slowly increasing as a result of the improvement in economic conditions and growth in the national and state economy. Corporate and foundation giving has remained stable during this time as a percentage of total giving. Giving by the corporate community has generally remained at about five percent (5%) of overall giving, and foundation giving has been constant at approximately eight percent (8%).³ Because individual giving accounts for approximately eighty percent (80%) of total giving and bequests by individuals approximately seven percent (7%), slight increases from year to year cannot keep pace with inflation adjustments and the changing role of government. It is also important that we take steps to insulate the nonprofit sector from adverse effects resulting from changes in the business cycle.⁴

¹ Giving USA 1997: The Annual Report on Philanthropy for the Year 1996, AAFRC Trust for Philanthropy, 1997, page 64.

² "Giving and Volunteering in the United States, 1996," Independent Sector.

³ Giving USA 1997, page 46.

⁴ *Id.*

IN MARYLAND

The nationwide trends are reflected in Maryland. The Maryland nonprofit sector is a strong economic force and provides a substantial portion of Maryland's employment growth, notwithstanding a weakening private giving base of support. A recently released report by Dr. Lester M. Salamon of the Johns Hopkins University revealed that in Maryland, private giving accounts for only four percent (4%) of the total nonprofit sector revenue, which is significantly less than the national average of ten percent (10%).⁵ With the uncertainty of government funding generated by changes in federal policy and programs for nonprofit organizations, the need for greater support from private giving is crucial to the ability of the nonprofit sector to meet the needs of Maryland residents.

According to 1995 federal tax returns, Marylanders deducted over two billion dollars as a result of charitable contributions.⁶ This two billion dollars in itemized deductions from 1995 tax returns was attributable to 38.24% of Marylanders, which is the highest percentage of itemizers with charitable deductions in the country. The IRS records show that Marylanders with incomes under \$100,000 give above the national average, but Maryland taxpayers with incomes over \$100,000 are giving below the national average by \$1,532. See Table 1. If households with income over \$100,000 gave at the national average, the resulting increase in charitable dollars would be approximately \$202.5 million.

The recommendations of the Maryland Gives! Task Force included in this second annual report were developed to energize and encourage increased support of the nonprofit sector by

⁵ Salamon, Lester M., Private Action/Public Good: Maryland's Nonprofit Sector in a Time of Change, Maryland Association of Nonprofit Organizations, 1997, page 9.

⁶ "Charitable Tax Deductions Increase by 8%; Utahans Continue to Give Most Generously," The Chronicle of Philanthropy, July 24, 1997, pages 18-19.

individuals and business entities as well as bring direct focus to the nonprofit sector and, based upon research and case studies, assist in the efforts to increase the level of charitable giving in Maryland.

RECOMMENDATIONS OF THE MARYLAND GIVES! TASK FORCE

The Maryland Gives! Task Force on Charitable Giving organized four Subcommittees to study and develop strategies to increase charitable giving. The goals and objectives of the Subcommittees were to address the functions listed in Senate Bill 302 of the 1996 session of the Maryland General Assembly. The functions of the Task Force are to: (1) recommend appropriate changes to the tax laws and other policies to improve charitable giving; (2) develop strategies for using public relations resources in the State to promote increased giving; (3) conduct economic impact analysis on the effect of the nonprofit sector on Maryland's economy; and (4) recommend how state agencies can use existing state data sources to develop benchmarks and to analyze and track the progress of individual and corporate giving. The Subcommittees met on a regular basis for one year and defined preliminary strategies and tactics to effectuate increases in charitable giving in the State of Maryland.

The Task Force studied data and invited comment from the different parties in the charitable giving arena and examined methods for incorporating the nonprofit community into the education system. The following are the recommendations of the Task Force based on these efforts.

1. TAX AND PUBLIC POLICY

Since 80% of private giving comes from individuals, 7% from estate and trusts, 5% from corporations, and 8% from foundations, the Task Force focused its efforts on developing strategies to increase the level of giving from individuals.⁷ Experts in the nonprofit sector and case studies consistently suggest that the creation of tax incentives for individuals who do not itemize their tax returns will result in increased levels of giving.

The recommendations of the Task Force are:

- 1. Establish a charitable tax credit for non-itemizers who give over the national average of two percent (2%) of their Adjusted Gross Income. The credit would be for state income tax purposes only.**

During the tax reform movement in the 1980's, the federal tax deduction for non-itemizers who made charitable contributions during the tax year was eliminated. Individuals who do not itemize their tax return typically donate about 1.4% of their personal income, in comparison with 2.8% for itemizers.⁸ Since approximately 62% of Maryland taxpayers are non-itemizers, implementing this tax incentive for non-itemizers would encourage a majority of Marylanders that presently do not have a fiscal incentive to give as well as emphasize the importance of contributing to the nonprofit sector.

Nationally, House Bill 2499, introduced by several groups including the National Society of Fund-raising Executives (NSFRE) and Independent Sector, allows for non-itemizers to deduct fifty percent (50%) of contributions above \$500. In support of the bill, NSFRE noted that IRS data consistently shows that itemizers contribute more to charity than non-itemizers, creating the need to provide incentives to increase charitable giving among non-itemizers.

⁷ Giving USA 1997: The Annual Report on Philanthropy for the Year 1996, AAFRC Trust for Philanthropy, 1997, page 16.

⁸ "Giving and Volunteering in the United States, 1996," Independent Sector.

2. Initiate a tax credit to itemizers who give above three percent (3%) of their Adjusted Gross Income.

According to a recent Price Waterhouse study, a 10% decrease in the price of a charitable gift results in a 19% increase in the amount contributed.⁹ Simply put, decreasing the cost of giving by using a tax incentive actually increases the amount of the gift. A tax credit of 5%, as opposed to a tax deduction, was chosen because of the ease of implementation and positive public perception.

As part of its future efforts, the Maryland Gives! Task Force will continue to review additional proposals. The Task Force members will continue to study the possibility of drafting state legislation for additional tax incentives for businesses to encourage them to develop and implement for their employees and retirees a payroll deduction system for charitable contributions. The Task Force members will develop and implement various public policies to provide public recognition of significant charitable contributions by business entities and, by state legislation, encourage the gathering of corporate giving information by modifying the state corporate income tax return to reflect charitable gifts.

The members of the Task Force may also encourage the adoption of federal tax policies to increase charitable giving by communicating with Maryland's U.S. Congressional delegation and leaders of the National Charitable Giving Task Force. They will advocate that Congress introduce legislation extending the date in which to make charitable contributions eligible for tax deduction for the prior tax year from the current annual deadline of December 31 to April 15.

⁹ "Impact of Tax Restructuring on Tax-Exempt Organizations," Price Waterhouse and Caplin and Drysdale, Chartered, April 28, 1997.

Additionally, a study of the endowment and estate giving issues is anticipated. A recent study indicates that the next century will bring the largest inter-generational transfer of wealth in history, creating significant potential for growth for nonprofit organizations.¹⁰

¹⁰ See Nichols, Judith R., Changing Demographics. 1997.

2. PUBLIC RELATIONS AND EDUCATION

One of the recommendations of the Task Force is to create a statewide campaign to increase philanthropy. Research and experience in other states provides evidence that a public relations and educational campaign alone will not produce long-term results. Combined with other preliminary strategies developed by the Task Force, a public relations campaign emphasizing the importance of philanthropic giving and publicizing the incentives to give will elevate the level of giving in Maryland.

This public relations and education campaign needs to be a sustained, long-term effort in order to create a culture of giving. The emphasis on the long-term effort is crucial for the public to internalize the message and change philanthropic behavior. Additionally, local leadership is a key component in a successful campaign. Having community leaders taking a leadership role in the campaign and in the philanthropic community generates enthusiasm and support from the community as a whole.

The recommendations of the Task Force are:

1. Conduct a public relations campaign by engaging a professional public relations and advertising firm. The firm would develop the creative strategy and implement a multi-faceted statewide public relations campaign to target sequential populations over a five year period. The results of a similar campaign in Arizona helped increase by ten percent (10%) the total amount of households claiming charitable giving as well as an increase in volunteerism of eleven percent (11%) during and immediately following the public relations campaign.

2. Mobilize public, private, and nonprofit sectors to institutionalize a culture of giving. Experts suggest collaboration between all three sectors of the economy must occur to benefit from the built-in efficiencies of each sector.
3. Establish and fund a permanent, interagency coordinating body to house and execute the mobilization activities and oversee the public relations contract on a daily basis.
4. Establish benchmarks of current giving levels and develop systems to measure outcomes of the public relations campaign.
5. Encourage efforts to increase professionalism and ethics in the nonprofit sector through outreach to education institutions and professional associations and promote the continued development of undergraduate and graduate programs in nonprofit studies.

The expected outcomes of implementing these recommendations will be increases in the number and size of gifts to charities, an increase in the number of people donating to charities, and a heightened expectation of charitable giving among Maryland citizens.

3. RESEARCH

The Task Force focused its efforts on determining the existence of state data resources and compiling reliable, comparable, and relevant information pertaining to charitable giving and activity in the State of Maryland. As a result of discussions with representatives from the National Center on Charitable Statistics and the Maryland Department of Labor, Licensing and Regulations, the need for data collection and further analysis was evident. Support for the Task Force's work was received from Dr. Lester Salamon of the Institute for Policy Studies at the Johns Hopkins University and recent author of a report studying the nonprofit sector in Maryland.

The recommendations of the Task Force are:

1. The Office of the Secretary of State will create an electronic database containing at least three years of financial data for each charitable organization registered under the Maryland Charitable Solicitations Act and include common classification codes and common identifying numbers (to the extent permitted by state and federal law) to permit other agencies, researchers, and other interested parties to perform studies and analysis.
2. The database to be created by the Office of the Secretary of State should be electronically linked with relevant databases in other state agencies to obtain all available information concerning the nonprofit sector. The employment data relating to the nonprofit sector collected by the Maryland Department of Labor, Licensing, and Regulations should be regularly reported to the proposed interagency coordinating body described below. This information is useful to study and track subgroups within the nonprofit sector and to understand the overall impact of the nonprofit sector on the Maryland economy and public policy.
3. An interagency coordinating body to be created by the Governor should coordinate

state policy and working relationships with the nonprofit sector. This interagency body should have representatives from affected state agencies including the Department of Business and Economic Development, the Department of Labor, Licensing, and Regulations, the Department of Human Resources, the Office of the Secretary of State, and other relevant organizations.

4. The interagency coordinating body should produce an annual report on the nonprofit sector and its relationship with state government. It should also develop relationships and data sharing techniques with national organizations responsible for tracking statistics on charitable organizations and giving.
5. The interagency coordinating body should continue to develop relationships with other states and use "best practices" of others to develop further Maryland's data sources and structure. Communicating with peers in other states will enable the entity to stay abreast of national trends concerning the nonprofit sector and data collection strategies that could be utilized in Maryland.
6. The Task Force proposes a legislative request for matching funds from the private sector to implement research projects on giving behavior in Maryland. Research efforts would also include conducting focus groups to gather information on what motivates people to give.

4. ECONOMIC IMPACT

A recent report confirmed that "the nonprofit sector in the Baltimore metropolitan region is a major player in the economy of the area, employing more people and pumping more money into the local economy than had ever been imagined or expected."¹¹ There continues, however, to be a need for a comprehensive report on the significance and economic impact of nonprofit organizations as well as the need for implementation of new strategies to promote cooperation and efficiency in the sector. In turn, as Maryland moves toward the national average for charitable giving, the growth of the nonprofit sector will increase economic vitality of the economy as a whole and alleviate the pressure and cost of service delivery on government.

The recommendations of the Task Force are:

1. Publicize and link information clearinghouses on the nonprofit sector with the business sector to increase informed corporate giving.
2. Promote collaboration and corporate restructuring, including mergers and facilities sharing, among nonprofits, to create an infrastructure of resources that fosters growth and stability in the sector.
3. Development by the business community of training and technical assistance programs for nonprofit organizations to promote the adoption of for-profit strategies to improve efficiency, effectiveness, and economic vitality.

¹¹ Salamon, Lester M., Private Action/Public Good: Maryland Nonprofit Sector in a Time of Change, Maryland Association of Nonprofit Organizations, 1997, page iii.

ENDNOTE AND NEXT STEPS

During the past year, the Maryland Gives! Task Force has studied charitable giving to gain an understanding of the methods, policies, and programs which will promote increased private giving to the nonprofit sector. The Task Force has built a foundation for this effort and will endeavor to maintain governmental and private sector focus supporting the nonprofit sector and encouraging increased philanthropic activity in Maryland by individuals, businesses, and foundations.

Table 1

Charitable Giving and Household Income Data in Maryland, 1991-1995

Comparison of the 50 states and the District of Columbia

	1991	1992	1993	1994	1995
Contributions deducted	\$1,620,565,000	\$1,728,111,000	\$1,917,283,888	\$1,932,252,444	\$2,055,293,000
State Ranking	11th	12th	11th	12th	8th
Contributions of taxpayers with income under \$100,000	N/A	N/A	N/A	\$1,242,173,000	\$1,312,784,000
Average contribution for taxpayers with income under \$100,000	N/A	N/A	N/A	\$1,641	\$1,720
State Ranking	N/A		N/A	\$1,614	\$1,669
Contributions of taxpayers with income over \$100,000	N/A	N/A	N/A	26th	24th
Average contribution for taxpayers with income over \$100,000	N/A	N/A	N/A	\$637,450,000	\$742,509,000
State Ranking	N/A	N/A	N/A	\$5,047	\$5,223
				\$6,808	\$6,755
	N/A	N/A	N/A	46th	45th

Source: Internal Revenue Service as reported by The Chronicle of Philanthropy

Table 2

Ranking of the State of Maryland: Charitable Giving in Maryland, 1991-1995

Comparison of the 50 states and the District of Columbia

<u>State Ranking</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>
<u>Contributions deducted</u>	<u>11th</u>	<u>12th</u>	<u>11th</u>	<u>12th</u>	<u>8th</u>
<u>Contributions per capita</u>	<u>3rd</u>	<u>3rd</u>	<u>3rd</u>	<u>N/A</u>	<u>N/A</u>
<u>Contributions for households with reported income under \$100,000</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>26th</u>	<u>24th</u>
<u>Contributions of households with reported income over \$100,000</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>46th</u>	<u>45th</u>

Source: Internal Revenue Service as reported by The Chronicle of Philanthropy

SENATE BILL 302

P1

6lr1899
CF 6lr1669

By: ~~Senator Blount~~ Senators Blount, Kelley, Boozer, Sfikas, Hoffman, and McCabe

Introduced and read first time: January 26, 1996

Assigned to: Judicial Proceedings

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 7, 1996

CHAPTER 0383

MAY 14 '96

1 AN ACT concerning

APPROVED BY THE GOVERNOR

2 **Maryland Gives! – Establishment of Task Force on Charitable Giving**

3 FOR the purpose of establishing a task force on charitable giving to be known as
4 “Maryland Gives!”; specifying the mission of the task force; providing for the
5 membership of the task force; requiring the Governor to designate a chairman of
6 the task force and to assign staff to the task force; requiring the task force to take
7 certain actions and to issue certain reports; providing for the termination of this
8 Act; and generally relating to the establishment and work of a task force to increase
9 the level of charitable contributions in Maryland.

10 BY adding to

11 Article 41 – Governor – Executive and Administrative Departments

12 Section 18-310

13 Annotated Code of Maryland

14 (1993 Replacement Volume and 1995 Supplement)

15 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
16 MARYLAND, That the Laws of Maryland read as follows:

17 **Article 41 – Governor – Executive and Administrative Departments**

18 18-310.

19 (A) THERE IS A TASK FORCE ON CHARITABLE GIVING TO BE KNOWN AS
20 “MARYLAND GIVES!”.

21 (B) THE TASK FORCE CONSISTS OF THE FOLLOWING 19 MEMBERS:

22 (1) ONE MEMBER OF THE SENATE OF MARYLAND, APPOINTED BY THE
23 PRESIDENT OF THE SENATE;

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 (2) ONE MEMBER OF THE HOUSE OF DELEGATES, APPOINTED BY THE
2 SPEAKER OF THE HOUSE; AND

3 (3) THE SECRETARY OF STATE; AND

4 (3) ~~SEVENTEEN~~ (4) SIXTEEN MEMBERS APPOINTED BY THE GOVERNOR,
5 AS FOLLOWS:

6 (I) ONE REPRESENTATIVE OF THE MARYLAND ASSOCIATION OF
7 NONPROFIT ORGANIZATIONS;

8 (II) ONE REPRESENTATIVE OF THE MARYLAND CHAMBER OF
9 COMMERCE;

10 (III) ONE REPRESENTATIVE OF THE GREATER BALTIMORE
11 COMMITTEE;

12 (IV) ONE REPRESENTATIVE OF THE WASHINGTON BOARD OF
13 TRADE;

14 (V) ONE REPRESENTATIVE OF THE MARYLAND ASSOCIATION OF
15 COUNTIES;

16 (VI) ONE REPRESENTATIVE OF THE MARYLAND MUNICIPAL
17 LEAGUE;

18 (VII) ONE REPRESENTATIVE OF THE MARYLAND ASSOCIATION OF
19 UNITED WAYS;

20 (VIII) TWO REPRESENTATIVES OF OTHER BUSINESS ORGANIZATIONS
21 SELECTED BY THE GOVERNOR; AND

22 (IX) ~~EIGHT ADDITIONAL MEMBERS, REPRESENTING OTHER~~
23 ~~NONPROFIT ORGANIZATIONS OR FOUNDATIONS FROM AROUND THE STATE,~~
24 ~~SELECTED IN CONSULTATION WITH THE MARYLAND ASSOCIATION OF NONPROFIT~~
25 ~~ORGANIZATIONS~~ SEVEN MEMBERS OF THE PUBLIC.

26 (C) THE GOVERNOR SHALL:

27 (1) DESIGNATE A CHAIRMAN OF THE TASK FORCE; AND

28 (2) ASSIGN PERSONNEL TO SERVE AS STAFF TO THE TASK FORCE.

29 (D) (1) THE MISSION OF THE TASK FORCE IS THE DEVELOPMENT OF A
30 STRATEGY TO ~~DOUBLE~~ INCREASE THE AMOUNT OF CHARITABLE GIVING BY
31 INDIVIDUALS AND CORPORATIONS IN MARYLAND ~~WITHIN 5 YEARS.~~

32 (2) THE TASK FORCE SHALL:

33 (I) RECOMMEND TO THE GOVERNOR AND TO THE GENERAL
34 ASSEMBLY APPROPRIATE CHANGES IN MARYLAND'S TAX LAWS AND IN OTHER
35 STATE POLICIES THAT WOULD IMPROVE THE LEVEL OF CHARITABLE GIVING IN THE
36 STATE;

1 (II) RECOMMEND HOW THE STATE'S PUBLIC RELATIONS
2 RESOURCES CAN BE BETTER USED TO PROMOTE INCREASED CHARITABLE GIVING
3 THROUGHOUT THE STATE;

4 (III) CONDUCT AN ECONOMIC IMPACT ANALYSIS ON THE EFFECT
5 ON MARYLAND'S ECONOMY OF INCREASED CHARITABLE CONTRIBUTIONS TO
6 NONPROFIT ORGANIZATIONS IN THE STATE;

7 (IV) RECOMMEND HOW STATE AGENCIES CAN EMPLOY EXISTING
8 STATE DATA SOURCES TO DEVELOP BENCHMARKS AND TO ANALYZE AND CHART
9 PROGRESS IN THE LEVEL OF INDIVIDUAL AND CORPORATE PHILANTHROPY; AND

10 (V) REVIEW ANY OTHER MATTER RELATING TO CHARITABLE
11 CONTRIBUTIONS THAT THE TASK FORCE CONSIDERS APPROPRIATE AND
12 CONSISTENT WITH THE MISSION OF THE TASK FORCE.

13 (E) (1) ON OR BEFORE DECEMBER 1, 1996, THE TASK FORCE SHALL SUBMIT
14 TO THE GOVERNOR AND, IN ACCORDANCE WITH § 2-1312 OF THE STATE
15 GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY A REPORT ON THE WORK OF
16 THE TASK FORCE, INCLUDING RECOMMENDATIONS REQUIRED UNDER SUBSECTION
17 (D)(2)(I) OF THIS SECTION.

18 (2) ON OR BEFORE DECEMBER 1, 1997, AND ON OR BEFORE DECEMBER 1
19 EACH YEAR THEREAFTER, THE TASK FORCE SHALL SUBMIT AN UPDATE REPORT ON
20 THE WORK OF THE TASK FORCE AND REPORTING THE LEVEL OF PROGRESS
21 TOWARDS ACHIEVEMENT OF THE TASK FORCE'S MISSION.

22 (3) ON OR BEFORE DECEMBER 1, 2001, THE TASK FORCE SHALL ISSUE A
23 FINAL REPORT.

24 (F) THIS SECTION SHALL BE ABROGATED AND OF NO FURTHER FORCE AND
25 EFFECT AFTER DECEMBER 1, 2001.

26 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
27 July 1, 1996.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.

APPENDIX: SUMMARY OF MINUTES

March 7, 1997

The Task Force Subcommittees presented reports on their targeted areas. The Economic Impact Subcommittee presented findings on charitable giving and tax data for the top ten (10) per capita income states and how Maryland compares to those states. The Public Policy Subcommittee discussed the various tax strategies and other methods to increase charitable giving. The Public Relations and Education Subcommittee planned implementation of market analysis to identify different types of giving behavior as well as the creation of a theme for the Task Force.

May 12, 1997

The schedule for public hearings was presented to the Task Force. Delegate Mary Louis Preis correspondence to the Task Force concerning gambling read at the meeting, clarified that gambling is outside the purview of the Task Force. There was a brief discussion on the role of Maryland Gives! and volunteer efforts in Maryland.

August 7, 1997

The Tax and Public Policy Committee submitted proposed recommendations for legislation to create tax incentives for charitable giving with a maximum deduction amount included. The subcommittee also mentioned public policies to recognize significant contributions by individuals and businesses. The Research Subcommittee proposed the creation of a database composed of all data related to nonprofit organizations. The Public Relations discussed ideas for the public relations campaign to promote increased giving. The idea of creation of a sub-cabinet including individuals from affected departments was discussed.

September 16, 1997

Dr. Lester Solomon's report, *Private Action/Public Good*, was presented to the group by Peter Berns, Executive Director of the Maryland Association of Nonprofit Organizations. Critical steps to help nonprofits were emphasized. There was a discussion of each of the subcommittees' proposed recommendations.

November 20, 1997

Dick Contee, a former member of Arizona Gives!, provided testimony as to the framework and results of the program and commented on the preliminary recommendations of the Maryland Gives! Task Force. Jay Ladin of the Office of Management and Budget gave an assessment of the Task Force's preliminary recommendations on tax incentives. The Task Force briefly discussed the draft of the Annual Report and the timeline for revisions.

GOVERNOR'S TASK FORCE

"MARYLAND GIVES!" TASK FORCE ON CHARITABLE GIVING

Officer's and Faculty Club, United States Naval Academy

Friday, March 7, 1997

Minutes

The meeting was convened at 10:00 a.m. by Larry E. Walton (Chairperson) at the United States Naval Academy in Annapolis, Maryland. Those in attendance were:

Members Present:

Larry E. Walton (Chairperson), The Honorable John T. Willis, Bob Rhudy, Carol C. Thompson, Marilyn Maultsby, Thomas J. Sonni, Frank Ross, Roy Dabney, Margaret O. Woodside, The Honorable Robert E. Dorsey, Lou Durden, Dr. Carol Silberg, and Frederica Saxon

Absent Members:

The Honorable Nathaniel J. McFadden, The Honorable Adrienne Mandel, Robert Hyfler, Ph.D., John Balch, and Mike Riley

Task Force Staff:

Nikki Baines, Charitable Organization Division

Nan A. Waranch, United Way of Central Maryland

Frona Cohen, United Way of Central Maryland

Observers:

Mara Winters, Peter Berns, Louise Bouveguard

Guest: Dr. David Stevenson

I. Welcome and Introductions

Minutes were approved from January 1997 meeting.

II. Presentation by Dr. David Stevenson, Director, National Center on Charitable Statistics, The Urban Institute

See Enclosure A

III. Comments by Larry E. Walton

- A. Subcommittees should focus in on their targeted areas; i.e., tax and public policy, economic development, marketing and research.

Do not hesitate to refer those "other" ideas relevant to other subcommittees for discussion and review as appropriate.

Keep all Subcommittees informed when information needs to be cross-referenced. Communicate!

Subcommittees are charged with coming up with specific recommendations.

These recommendations are not to be executed. They should be referred to the full Task Force for review and final approval. Legislators should not be contacted for enactment of ideas until Task Force sets up a specific

plan of action and identifies who does what.

IV. Subcommittee Reports

A. Economic Impact

Task Force Members include the Honorable Robert E. Dorsey, Marilyn Maultsby and Mike Riley. Currently looking at the top 10 states with the highest per capita income in the country; the ratio of charitable giving per capita income in the country; determination on who is giving the most; tax incentives and a look at pertinent historical information. Secretary Jim Brady will be submitting a report for review.

The top 10 states include: Connecticut, New Jersey, Massachusetts, New York, Maryland, Delaware, New Hampshire, Illinois, Hawaii and Nevada.

There was an increase in the amount of contribution per return among all top states. Nevada and Massachusetts experienced the greatest increase, while Hawaii had the smallest rise.

There were more itemized tax returns in nine of the ten states - New Hampshire dropped sharply.

There was a slight decline in all ten states. Delaware and Maryland declined the most, while New Jersey declined the least.

Maryland has a much higher percentage of individuals who itemize than the region as a whole, but lags significantly in the amount of contributions per return, and the percentage of them reporting contributions. This suggests that despite its relatively high household income, Maryland residents are not making or declaring charitable contributions on par with the rest of the region.

B. Tax and Public Policy

Task Force Members include Senator Nathaniel McFadden, Delegate Adrienne Mandel, Robert Rhudy, Lou Durden, Dr. Robert Hyfler, Dr. Carol Silberg, Frank Ross and Frederica Saxon.

The following proposals under discussion:

All charities should be treated equally in terms of charitable giving. One cannot specify to the public to which charities people should give.

Looking into the possibility of reinstating in Maryland's state income tax a deduction for non-itemizers for charitable contributions (perhaps only for contributions to Maryland organizations).

Establishing by legislation, tax credits for charitable contributions by individuals and corporations above a certain floor. For example, Maryland could create a tax credit for individuals who make charitable donations which are 5% of adjusted gross income or corporations which give more than some percentage of pretax profits, with such credits equaling to some percentage of that amount.

Allowing individuals, corporations and other entities to claim such deductions and credits for the prior calendar year if made on or before April 15 of the reporting year, such as IRAs are currently treated.

By Rule of Statute, directing the Maryland Comptroller to collect more data in returns filed by corporations and other business entities regarding charitable donations made to Maryland organizations.

Use of license plates, with special logo and language for giving.

Special incentives for attracting large foundations and philanthropy groups to locate to Maryland.

C. Research

Committee consisting of Secretary John Willis and Carol Thompson

Dr. Les Salamon of the Institute for Policy Studies at Johns Hopkins University Indicated desire to conduct a survey on charitable giving by individuals who do not itemize tax returns. Suggested that the Shaeffer Center on Public Policy could assist the Task Force in conducting a survey.

Met with Pat Arnold from the Office of Labor Market Analysis and Information of the Department of Labor and Licensing to discuss the employment statistics of the nonprofit sector.

- Indicated a willingness to begin tracking and analyzing data on the nonprofit sector, perhaps on a quarterly basis.
- Include the Federal ID number in the database maintained on charitable organizations in the Office of the Secretary of State. Most of the files at DLLR have the Federal ID numbers. Would be able to exchange information more easily and track the employment statistics of the nonprofit sector.

Determining what information other states collect and track on charitable giving and organizations. The states that track the data maintain financial data on program, administrative, and fund-raising expenses on each registered charity. Maryland tracks similar information.

Looking into publishing a guide aimed at charitable organizations similar to the one published by the Charitable Trust Section of the Office of the Attorney General of California. Includes answers to frequently asked questions, requirements under the law, bibliography, and referrals.

Looking into the possibility of having a bar journal dedicated to the nonprofit sector. The New Hampshire Bar Journal published a volume on "Representing Charitable Trusts and Charitable Nonprofit Organizations" in December 1996.

D. Marketing

Committee consisting of Meg Woodside, Thomas Sonni, John Balch, and Roy Dabney. A list of 16 additional members has been submitted to the Governor's Office for approval.

Marketing Committee to implement only recommendations approved by full Task Force on Charitable Giving. There should be a separate plan in place to market the activities of the Task Force, which should go thru the Governor's Office.

Two areas being considered at this point in time:

1. Analysis of the Target Markets: Looking to produce grids (10-15 target areas), including the different types of giving and be able to identify strategies in terms of what needs to be achieved.

The committee will be looking at current donors and "next generation" of donors.

Reality tests need to have achievable goals.

2. Public Relations Campaign for the State:
 - A. Who are the target markets
 - B. Themes
 - C. Recommendations
 - D. Tag Line for the Campaign

Looking to produce a theme - Identify Maryland State Logo - "Maryland - Giving Back to Move Our Community Forward"

Whatever the theme, must work closely with Public Information Officer, Office of Tourism and

DBED. Subcommittee will meet April 4, 1997 from 10:00 a.m. - 4:00 p.m.

V. Workplan and Timeline

Full Committee will meet every other month. The next meeting is scheduled for

May 2, 1997 at 10:00 a.m. at the Howard Community College Business Training Center on the Columbia Gateway Campus.

Subcommittee to meet during the interim.

Most of the Subcommittee work must be completed by end of August, early September to provide strategies to be included in Governor's Legislative Package.

VI. Public Hearings

The Task Force unanimously agreed to schedule four public hearings around the State in the Spring. Staff will arrange hearings and report back to the committee.

Meeting adjourned at 1:00 p.m.

NEXT TASK FORCE MEETING:

May 2, 1997

Howard Community College Training Center - Columbia Gateway Campus

10:00 A.M.

MORE INFORMATION WILL BE DISTRIBUTED AT A LATER DATE.

PLEASE SEND MEETING INFORMATION TO:

Nikki Baines, Charitable Organizations Division, Office of the Secretary of State

FAX: 410 974-5527

E-MAIL: mdsos@ari.net

TELEPHONE: 410 974-5534 ext. 3.

Nan Waranch, Director of Public Affairs, United Way of Central Maryland

FAX: 410 547-8289

E-MAIL: Waranch.uwcm@worldnet.att.net

GOVERNOR'S TASK FORCE
"MARYLAND GIVES!" TASK FORCE ON CHARITABLE GIVING

Howard Community College, Business Training Center

Columbia Gateway Campus, Board Room

May 12, 1997

Minutes

The meeting was convened at 10:15 a.m. by Larry Walton (Chair).

Members present:

Larry Walton (Chair), Honorable John T. Willis, Honorable Adrienne Mandel, Honorable Robert Dorsey, Roy Dabney, Robert Hyfler, Ph.D., Marilyn Maultsby, Robert Rhudy, Michael Riley, Emilie Robinson, Frederica Saxon, Carol Silberg, Ph.D., Thomas Sonni, Carol Thompson, and Margaret Woodside.

Absent Members:

Task Force Staff:

Nikki Baines, Charitable Organizations Division, Office of the Secretary of State

Nan A. Waranch, United Way of Central Maryland

Frona Cohen (Staff, Public Relations Subcommittee)

Observers:

Mara Winters, Peter Berns, and Oriole Saah

I. Welcome and Introductions

Larry Walton introduced Emilie Robinson, Executive Director of the Community Foundation of the Eastern Shore. Emilie will represent the Eastern Shore and replaces Susanne Morris.

II. Statewide Public Fora

The Task Force felt these meetings were important to provide the opportunity for input from legislators, the nonprofit and business community, attorneys, regulators, and the general public. A copy of the press release and letter announcing the meetings is enclosed.

The questions arose whether these hearings needed to be moved to a later date. The Task Force had some concerns of the kind of testimony people would be offering. Obviously, there are no formal proposals for public comment at this time. After a great deal of discussion, it was agreed upon to hold the hearings as fora. Easton would be the trial hearing and possible changes may have to take place pending the hearing. Dates for all the hearings are listed below:

May 20, 1997	Easton, Maryland
May 28, 1997	Baltimore, Maryland
June 4, 1997	Frederick, Maryland
June 25, 1997	Rockville, Maryland

The Task Force agreed that there would be a second round of public hearings in the fall when the formal proposals would be available for comment.

III. Letter from Delegate Mary Louis Preis - Gambling and Gaming (enclosed)

Issues on gambling matters are very controversial. The primary function of the Task Force is charitable

giving, and any direction towards gambling could be out of this group's purview. A recommendation has been made for Delegate Preis to meet with the Subcommittee on Tax and Public Policy to discuss the issue further to see whether or not this is an issue for the full Task Force.

IV. Report from Subcommittees - See enclosures.

A lot of good information was shared. Now, the fine tuning needs to take place.

ACTION: Each subcommittee will need to identify its research needs and submit the list to Nikki Baines as soon as possible.

Subcommittees will continue to work on their specific missions and goals and report back to the full Task Force. Marketing Subcommittee came up with the beginnings of a campaign which will be modified and worked on. Tax and Public Policy has some specific proposals on the table which need documentation and further discussion. Research and Economic Development are in the beginning stages of clarifying their roles.

V. Future Meeting Dates

July 11, 1997 at 10:00 a.m. to 1:00 p.m. in the Board Room of the Howard Community College Business Training Center on the Columbia Gateway Campus.

September 16, 1997 at 10:00 a.m. to 1:00 p.m. Place to be determined.

November 20, 1997 at 10:00 a.m. to 1:00 p.m. Place to be determined.

VI. Maryland's Promise - Volunteer Issues

A brief discussion took place on the role of volunteers and the President's Summit for America's Children. Specifically, if a high profile campaign throughout Maryland takes place, is there an opportunity for Maryland Gives! to have a role? Our concern is duplication of efforts in communicating about nonprofits. The Marketing Subcommittee will be meeting with representatives to discuss Maryland's Promise and to assess roles and report back to the full Task Force.

The meeting adjourned at 2:00 p.m.

GOVERNOR'S TASK FORCE
MARYLAND GIVES! TASK FORCE ON CHARITABLE GIVING
United Way of Central Maryland- Board Room

August 7, 1997

Minutes

The meeting was convened at 12:00 noon by Larry E. Walton (Chairperson) at the United Way of Central Maryland in Baltimore, Maryland. Those in attendance were:

MEMBERS:

Larry E. Walton (Chairperson), The Honorable John T. Willis, Bob Rhudy, Carol C. Thompson, Frederica K. Saxon, Thomas J. Sonni, Roy Dabney, Lou Durden, and Frederica Saxon.

ABSENT MEMBERS:

The Honorable Nathaniel J. McFadden, The Honorable Adrienne Mandel, Robert Hyfler, Ph.D., John Balch, Mike Riley, Emilie Robinson, Marilyn Maultsby, Dr. Carol Silberg, and Meg Woodside.

TASK FORCE STAFF:

Nikki Baines, Charitable Organization Division

Nan A. Waranch, United Way of Central Maryland

(Public Relations/Education Committee - Fronda Cohen, United Way of Central Maryland)

OBSERVERS:

Peter Berns and Amy Coates Madson

I. REPORT OF SUBCOMMITTEES

Tax and Public Policy

Task Force reviewed enclosed article from the Chronicle of Philanthropy – Charitable Tax Deductions Increases by 8%.

There is a need to change the law as it relates to charitable giving for tax deductions to the state income tax to encourage current non-itemizers and itemizers to increase their charitable contributions.

Provide charitable deduction for non-itemizers on the State Income Tax Forms.

Adoption of state legislation extending the date from the current annual 12/31 to 4/15 in which to make charitable contributions eligible for tax deductions from the state income tax for the prior tax year.

Creation by state legislation or administrative regulation of a requirement that bidders for state contracts to provide goods or services must list their prior year's charitable contributions, the extent of which may be a factor considered in the award of such public contracts.

Encouragement of the adoption of such policies (1-3, above) at the federal level through communications with Maryland's U.S. Congressional delegation and leaders of the national charitable giving task force.

Research to be conducted under the direction of Maryland Gives! to develop reliable estimates of the public cost of implementing such policies in relation to the increases in charitable contributions generated.

The Committee also considered and supported development and implementation of various public policies to provide public recognition of significant charitable contributions by individuals and business entities, such as an annual Governor's Award, Public Citizen Award, vanity license plates but deferred further consideration to the Public Relations Subcommittee.

Other areas to be addressed include creation by state legislation of additional taxes such as a "super deduction" for specific payroll and accounting expenses of business entities) to encourage the development and implementation of payroll deduction charitable contribution systems for employees and creation by state legislation or administrative rule of a request for information on the Maryland tax return regarding charitable contributions by corporations and other business entities.

TASK FORCE AGREED THAT THERE SHOULD BE A CAP ON THE MAXIMUM AMOUNT OF TAX DEDUCTION AS IT IS EASIER TO SELL TO THE LEGISLATURE IF THEY KNOW THE IMPACT UPFRONT.

Research Committee

Secretary of State will house a complete data base including the sharing and merging of all data relating to nonprofit organizations. All nonprofit organizations will be recoded in the classification scheme (by size, location, employment, etc.).

Produce handbook that serves as the who, what, where, when and how of nonprofits in the State of Maryland to protect the public from fraudulent charities and provide detailed information pertinent to the nonprofit community.

Produce economic impact study working closely with the Economic Impact Committee

Public Relations and Education Committee

AFTER A GREAT DEAL OF DISCUSSION, IT WAS DECIDED BY THE FULL TASK FORCE THAT THE FOCUS OF THE SUBCOMMITTEE SHOULD BE TO RECOMMEND ONLY THE TYPE OF PUBLIC RELATIONS CAMPAIGN THAT WOULD BE MOST EFFECTIVE AND NOT BE THE BODY RESPONSIBLE FOR CONDUCTING IT.

To recommend a campaign around the market segment most likely to increase giving with a minimum of an 18 month campaign, plus sufficient time to gather data on increased giving.

To provide ideas in building a new generation of donors and legacy giving for older citizens.

To recommend a system for benchmarking and evaluating the success of campaigns.

DISCUSSION: The Task Force is only to develop strategies that will result in an increase in charitable giving. It is not the role of the Task Force to implement strategies. The legislature can do that after reading the Task Force recommendations.

Economic Impact Committee

Written report submitted and reviewed by Task Force. At the next meeting a report will be given on specific action items.

SEE ENCLOSURES FROM ALL SUBCOMMITTEES FOR DETAILED INFORMATION

COMMENTS FROM CHAIRPERSON

Gambling: Delegate Preis raised the issue of the Task Force getting involved in the regulation of gambling as it relates to organizations donating proceeds from gaming events to nonprofits. The question of how much proceeds actually get to charities was raised. Delegate Preis feels there needs to be

regulation of gambling activity in Maryland.

Task Force believes this issue is not related to increased charitable giving as mandated by the Task Force and that we should remain out of these discussions. Need to pass this along to any oversight committee looking at gambling issues.

Legislation Session: Need to have "best guess" on effects and impacts on proposed legislation prior to going to the legislature.

COMMENTS FROM SECRETARY OF STATE

Creation of State Agency or Division to Oversee Nonprofits: Secretary Willis suggested that perhaps a subcabinet group composed of individuals from the affected Departments; i.e., Secretary of State's Office, Department of Business and Economic Development, Governor's Office, etc., be created. Details not fully discussed. Need to address at next Task Force Meeting – Question whether this would need legislation or could be an executive order from the Governor.

FUTURE WORK OF TASK FORCE AND MEETING DATES.

September 16, 1997	Task Force Meeting – Final Recommendations to be Discussed and preparations for Report to Governor
October, 1997	Public Hearings
November 20, 1997	Task Force Meeting – Review Materials for Report to Governor
December, 1997	Report to Governor

PLEASE SEND INFORMATIONAL ITEMS TO:

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GOVERNOR'S TASK FORCE
MARYLAND GIVES! TASK FORCE ON CHARITABLE GIVING

Office of the Secretary of State Conference Room

September 16, 1997

Minutes

The meeting was convened at 10:00 a.m. by Larry E. Walton (Chairperson) at the Office of the Secretary of State – Conference Room, Annapolis, Maryland. Those in attendance were:

MEMBERS:

Larry E. Walton (Chairperson), The Honorable John T. Willis, The Honorable Adrienne Mandel, The Honorable Robert Dorsey, Bob Rhudy, Carol C. Thompson, Thomas J. Sonni, Lou Durden, Marilyn Maultsby, Dr. Carol Silberg, Meg Woodside, and Emilie Robinson.

ABSENT MEMBERS:

The Honorable Nathaniel J. McFadden, Robert Hyfler, Ph.D., John Balch, Mike Riley, Frederica K. Saxon, Roy Dabney and Frank Ross

TASK FORCE STAFF:

Nikki Baines, Charitable Organization Division

Nan A. Waranch, United Way of Central Maryland

(Public Relations/Education Subcommittee - Fronda Cohen, United Way of Central Maryland)

GUEST SPEAKER:

Peter Berns, Maryland Association of Nonprofit Organizations (MANO)

OBSERVERS:

Mara Winters, Alison King, Lindsey Bean, Oriole Saah, Sue Franchetin, Louise Beauregard.

I. Summary by Peter Berns, Executive Director of Maryland Association of Nonprofit Organizations (MANO), of *Private Action/Public Good Report* by Dr. Lester Salamon

- Maryland's nonprofit sector is a major economic force.
- Maryland's nonprofit sector has been a major contributor to state employment growth.
- Nonprofit organizations are present in every region.
- The nonprofit sector is extremely diverse, touching virtually every man, woman and child in the State.
- The Maryland nonprofit sector is dynamic.
- Maryland nonprofit organizations serve a broad cross section of the state's citizens.
- Private charitable giving plays a much smaller role in the financing of nonprofit activity than is widely

believed.

- Maryland nonprofit organizations have been confronting serious challenges in recent years.
- Maryland nonprofits have responded to the challenges they face by making management and fundraising changes.
- Maryland nonprofit organizations generally follow ethical management practices but significant room for improvement still exists.
- The scope and structure of the nonprofit sector differs considerably in different parts of the state.

Critical Steps Needed To Cope With Challenges Nonprofits Face

- A Maryland Civil Society Commission
- Monitoring System for the State's Nonprofits
- Improved Tax Incentives for Giving
- Community Foundation Initiative
- Fundraising Training
- Media Campaign to Celebrate Giving and Partnership
- Promoting Public Confidence

II. Comments from the Chair

- A. This is a Working Task Force. We have had a great deal of input in the overall process with a significant number of recommendations. At this time, everything we discuss should remain confidential to some degree especially legislative proposals. We are not at the point to begin talking with the Governor or any members of the Maryland General Assembly about any of these recommendations and would not want to create any controversy at this point in time.

Media: All Task Force Meetings are open to the general public as required by Maryland State Law and cited in *Annotated Code of Maryland* with reference made to 14 exemptions that would close meetings. See Enclosure. Larry Walton and Secretary Willis are available to discuss the overall activities of the Task Force on Charitable Giving as well as individual members of the Task Force on the direction we are going.

III. Discussion on Subcommittee Proposals

Tax and Public Policy:

(See Enclosure)

Research:

(See Enclosure)

Entity could track Marketing data and conduct research on marketing techniques.

With respect to state entity discussed in proposed recommendation #4, the appropriate agencies to include could be the Secretary of State's Office; Department of Business and Economic Development; Department of Labor, Licensing and Regulation, Department of Health and Mental Hygiene; and Maryland State Department of Education. Could also include Private and Nonprofit Sectors in entity.

Public Relations:

(See Enclosure)

Economic Impact: No Written Report

Need for comprehensive report on Significance and economic impact of nonprofit sector.

Working with Department of Business and Economic Development to increase training and technical assistance to nonprofit organizations thus increasing economic viability of the sector.

Demonstrating in economic terms the advantages of increasing the State's investment in the nonprofit sector.

Motion Made To Close Meeting

Motion made by Marilyn Maultsby to close meeting; seconded by Lou Durden. Vote on motion was taken and passed unanimously.

Motion to close meeting authorized under section 10-508(a)(14) of the State Government Article, the provision relating to discussion of bids/proposals prior to awarding a contract. This section of the meeting is closed under section 10-508(a)(14) to discuss a matter directly relating to the bidding process for a Marketing Campaign.

IV. FUTURE WORK OF TASK FORCE AND MEETING DATES.

Public Comment Sessions:

Monday, November 3, 1997 at 8:30 a.m.: Calvert Room in the State House, Annapolis

Wednesday, November 12, 1997 at 8:30 a.m.: Moot Court Room at the University of Maryland School of Law

Tuesday, November 18, 1997 at 3:00 p.m.: Conservatory Room in the Glenview Mansion in the Rockville Civic Center Park in Rockville.

Next Full Task Force meeting:

November 20, 1997 from 10:00 a.m. - 2:00 p.m. at the Columbia Medical Center next to the Howard County Hospital in Columbia, Maryland. On the agenda will be a review of the draft of the annual report.

Directions to the meeting are enclosed.

December, 1997

Report submitted to Governor

PLEASE SEND INFORMATIONAL ITEMS TO:

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GOVERNOR'S TASK FORCE
MARYLAND GIVES! TASK FORCE ON CHARITABLE GIVING

Columbia Medical Center

Columbia, Maryland

November 20, 1997

Minutes

Members Present: Larry E. Walton (Chair), Secretary of State John T. Willis, The Honorable Adrienne Mandel, Marilyn Maulsby, Robert Rhudy, Lou Durden. Meg Woodside, Frederica Saxon, Carol Thompson, Mike Riley, Bob Rhudy, Dr. Carol Silberg

Members Absent: The Honorable Nathaniel J. McFadden, The Honorable Robert E. Dorsey, John H. Balch, Roy Dabney, Dr. Robert Hyfler, Frank Ross, Thomas Sonni

Staff: Nikki Baines Trella, Nan Waranch, Amy Tate

Public Relations and Education Subcommittee Staff: Fronda Cohen

Economic Impact Subcommittee Staff: Chris Scalchumes

Guests: Dick Contee, Jay Ladin, Henry Bogdan

Larry Walton opened the meeting at 10:00 a.m.

Report on Public Comment Sessions: Three public hearings were held in late October and November, 1997, in Annapolis, Baltimore City and Montgomery County, addressing the specific recommendations of the Subcommittees. There appears to be great public support of the preliminary recommendations. The common theme was the importance of collaboration and partnership between and within the sectors and the need for the nonprofit community to be aggressive in terms of supporting the overall message strategy.

Other Business Conducted by the Chair: Larry Walton met with Fred Puddester, Secretary of the Department of Budget and Management, to discuss the fiscal impact of the tax and public policies recommended by the Tax and Public Policy Subcommittee. See summation below of the testimony by Jay Ladin of the Dept. of Budget and Management.

Testimony by Dick Contee, Former Member of Arizona Gives: Arizona Gives was a three-year (1991-1994), private sector effort organized by nonprofit executives and business leaders in response to Independent Sector's national standards for giving of 5% of income as well as 5 hours of volunteering. Arizona Gives looked at both the issues of volunteering and giving. Arizona Gives became a nonprofit organization with a specific mission and goals and had a limited existence so that the donor, nonprofit and volunteer communities did not feel that it was competing for money and volunteer talent.

Structure of Arizona Gives: Organized as a 501(c)(3) organization. Total budget was \$1.8 million – actually spent \$1.4 million (\$500,000 cash - \$900,000 donations for goods and services). Managed by two full time staff with large amounts of donated assistance; i.e., loaned legal help, researchers, media consultants. In addition to the volunteer board of 25 individuals, there was a statewide advisory board of 100 people representing all sectors which met a couple times a year around the State.

Goals of Arizona Gives: (1) Conduct baseline 1991-1994 statistical information on giving and volunteering; (2) Develop a comprehensive statewide media campaign; (3) Develop pilot programs and information; and (4) Leave legacy of heightened awareness to support volunteering and giving in the sector.

Projects Developed by Arizona Gives: (1) Annual Volunteer Telethon with over two hundred hours pledged for volunteering – three years in a row; (2) Public Service Announcements ran consistently and are still airing; (3) Booklets prepared and work done to help employees understand correlation between giving more in time and money; (4) Development of Speaker's Bureau; and (5) Development of Statewide Youth Service Day.

Results of Arizona Gives: Success was measurable. In terms of giving, the number of households giving to charity went up from 65% in 1991 to 70% in 1994, with the average household contribution increasing from \$273 in 1991 to \$367 in 1994. Volunteerism increased from 63% in 1991 to 73% in 1994 as well as the percentage of people believing that volunteerism is important to Arizona's society. It is believed that the level of giving has continued to increase since the end of Arizona Gives but no formal studies have been conducted to confirm that belief. Note: Arizona's economy during this time was relatively flat with growth occurring toward the end of the group's work.

General Comments on Arizona Gives: Media awareness was the key factor in getting message strategy across. Arizona State University played a key role in research. Phoenix Volunteer Center, the largest organization channeling in volunteers, is the largest center in Arizona and received support from Arizona Gives. After three years, there was no interest in continuing the effort. Key is to develop something that does not appear to be a threat to the nonprofit community. Leadership from around the state an essential ingredient. Individuals were asked publicly to give at the 5% level, and to make their commitment known in writing. Nonprofit community must learn how to take the lead role as well as not being afraid to invest dollars in enhancing charitable giving.

Comments on Recommendations:

- Tax and Public Policy recommendations: Correction of statistics cited in preliminary recommendation: 87% of dollars comes from individuals (including bequests), 5 ½ from corporations and 8% from foundations. Does not believe that tax incentives are an incentive for giving. Leadership drives giving. Payroll deductions only work with corporate leadership.
- Public Relations and Marketing recommendations: Enthusiastic about media proposal. In a public relationship campaign, mobilization of private and public sectors important. Report talks about a procurement process which indicates that it would be run by a governmental agency. Advise caution because the effort should include a public-private partnership.
- Research recommendations: Advise caution because nonprofits do not have the staff to assist in extensive information gathering. Corporations and nonprofits must contribute to Maryland Gives in order for it to be successful; i.e., Arizona Gives was funded by foundations and corporations (50% of the funding) and the nonprofit sector (20% of the funding). The amount requested from nonprofits depended upon the size of the group with fees ranging from \$25 to \$1,000.

Testimony by Jay Ladin of Department of Budget and Management:

Comments on Recommendations:

- Extension of deadline from December 3rd to April 15th: Maryland would not do this unless it became federal law. The Maryland State Income Tax Form models the federal form, and this recommendation would create a system whereby taxpayers would be required to maintain two sets

of records. Would also create a bureaucratic nightmare for the Comptroller and auditors. Except for the first year, it will not increase giving based upon studies. If the federal government passes a similar law, Maryland would grant the same extension.

- **Modify state income tax form for corporations to request information on charitable giving:** this will create a tax liability. The state form was modeled after the federal form and also provides appropriate information for the Comptroller, the State, and the appropriate Federal agencies. Allowing additional information on charitable giving to be placed on the form sets a precedent allowing other groups to amend the form. Corporations would resent the intrusion and ignore information request because it is not relevant to taxes. These forms were designed strictly for tax purposes and are not a instrument for collecting data on charitable giving or any other subject matter. In order for this recommendation to be achieved, approval would have to come from the Internal Revenue Service, and this is unlikely. The Comptroller might be willing to make information available on corporations; i.e., developing a stratified sampling approach off of federal returns to give you this information. This problem would not address those businesses making charitable contributions in other states.
- **Tax Deduction for Non-Itemizers:** The report states that a recommendation should be made to have this reinstated. Note: This was never allowed in Maryland. It was a federal tax incentive between 1982-1986. An estimated cost to state could run about \$8 million. Appended are charts relating to tax credits, estimated revenue losses from deductions exceeding 2% of FAGI, and amounts claimed as itemized deductions for charitable contributions.
- **Tax Credits:** North Carolina did something similar using tax credits for non-itemizers giving 2% of their income for charity. Again see enclosures for costs to State of Maryland. Tax credits seem to be better vehicle to encourage charitable giving. No fiscal note is available because there was no data available.

Proposed Recommendations: The preliminary recommendations of the Subcommittees were adopted with minor changes by the Task Force. See the enclosed second draft of the Annual Report.

Discussion of the Annual Report: The second draft of the report will be forwarded to all Task Members the first week of December for review and comment. The Task Force will have approximately one week to make revisions. Chairs of the Subcommittees will meet to finalize the document prior to submission to the Governor and General Assembly the first week in January 1998.

Future Work of Task Force: The first meeting date in 1998 is to be determined. Information will be forthcoming.

